Weekend FT

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Alan Sugar: The East End giant killer
An entrepreneur who revolutionised British working habits. David Thomas tells the story of a most startling 80s business hero (left). *Page I*

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The struggle for professional supremacy intensifies in the Open at St Andrews. *Page XX*

Convent rebel
Melanie Cable-Alexander relives a youth spent wrestling with nuns. *Page VII*

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,205

Weekend July 21/July 22 1990

D 8523A

WORLD NEWS

N-safety plan for Soviet power plants

As many as 25 Soviet nuclear power stations could be scrapped or radically rebuilt under a nuclear safety programme being worked out by the Soviet Union and the European Community.

The scheme, aimed at averting another Chernobyl disaster, was singled out by European Commission President Jaques Delors as one of a range of potential areas for EC involvement in the Soviet economy. Page 22

North wins appeal
A US appeals court set aside convictions handed down to former White House aide Oliver North after the Iran-Contra scandal and ordered fresh hearings. Page 2

N Korea counters offer
North Korea reacted quickly to South Korea's offer to open its border temporarily, proposing strict conditions before it would agree to the plan. Page 3

Liberia peace talks fail
Liberian rebels abandoned peace talks and vowed to renew the fight against President Samuel Doe. Diplomats regard Doe's military position as hopeless.

Heart girl improves
Clare Coomber, the Hampshire four-year-old given a heart transplant after a nationwide appeal for a donor, was "improving" though still seriously ill in London's Harefield Hospital.

Havel to meet Waldheim
Czechoslovak President Vaclav Havel said he would meet Austria's President Kurt Waldheim in Saltzburg next week. His planned visit has been widely criticised because of President Waldheim's wartime past.

Hong Kong trial begins
Six campaigners against plans for Hong Kong's political future went on trial in the British colony charged with using loudspeakers and collecting donations without official permission. Critics say the Hong Kong Government is pursuing the case to appease Peking.

Poll tax defiance
The Labour-controlled, north London local council of Haringey voted not to cut its community charge by the amount the Government is demanding. Page 4

Marathon mountaineer
Swiss marathon runner Pierre-André Gobet set a record for the ascent of Mont Blanc. He jogged up the 15,446 foot peak in 3 hours 38 minutes.

Eclipse lures sungazers
Sun-watchers are converging on Finland for a prime view of a total solar eclipse. The sun will be fully obscured for just 83 seconds from 4.52am local time tomorrow.

Israeli court rules
An Israeli judge ruled that four-year-old Lindsay Rhein, allegedly kidnapped in London by her father, should be allowed to return home with her mother. The ruling is subject to an appeal.

BUSINESS SUMMARY

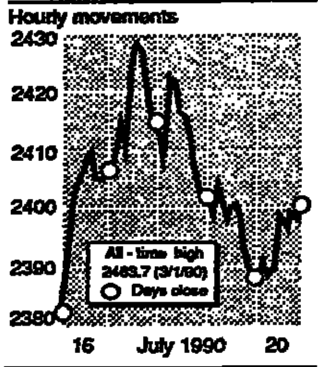
Euro airlines bidding for de Havilland

European airlines Aeritalia of Italy and Aerospatiale of France are negotiating as a consortium to buy de Havilland of Canada, troubled commuter aircraft subsidiary of US aero manufacturer Boeing.

Negotiations appear to be at an advanced stage, although any deal is subject to the approval of the Canadian Government, from whom Boeing bought de Havilland only four years ago. Page 22

EQUITIES in London continued to take their cue from Wall Street. The FT-SE 100 Index ended the week at 2,400.1, a net gain of 12.8 on the day. The past week saw it gain nearly 18 points, largely in response to the New York equity market's continued assault on its testing level of 3,000. Page 13; Lex, Page 22; Small explosion, but just another Friday, Weekend FT, Page II

FT-SE 100 Index
Hourly movements



KRAUSS MAFFEI, West German engineering and defence group, has called for an alliance with UK manufacturers to form the core of the European tank industry. Page 22

B & Q, UK retail DIY chain, saw its conviction for illegal Sunday trading overturned when a judge decided that the 1950 Shops Act could not be enforced because in his opinion it contravened European legislation. Page 5

RADIO station operators Transworld Communications, which broadcasts in Manchester, Preston, Leeds and Cardiff, and Yorkshire Radio Network, which owns stations in Sheffield, Bradford and Hull, are holding merger negotiations. A deal between them would create the UK's largest commercial radio company. Page 8

AMERICAN BRANDS, US consumer products and insurance group, is buying the Moen Group, which invented the single-handed faucet, from Forstmann Little for $975m (£537.3m) cash. Page 10

B & C: Part of the High Court action being brought by the UK financial services group against Quadrex Holdings, Gary Klesch's securities operation, has been settled. Page 4

LIFFE: Prices from the London International Financial Futures Exchange were not received in time to be published in this edition due to communications difficulties.

The dislocation caused by the bomb meant that prices for gilt-edged stocks were not available from the Stock Exchange. As a result, Thursday's prices are repeated in the British Funds section of the London Share Service;
● The Fixed Interest section of the FT-Actuaries All-Share Index and the FT Government Securities Index could not be calculated for Friday July 20.

● Gilts prices used in the calculation of the FT Fixed Interest Index are those for Thursday July 19.
● Figures for total equity bargains, equity turnover by value and shares traded in the daily statistical panel (Page 13) were not available for Thursday July 19.
● Prices were not available from the London Traded Options Market.

Explosion causes extensive damage but no casualties after a series of warnings

IRA bombs Stock Exchange

By Richard Evans

THE IRA struck at the heart of the City establishment yesterday when a bomb blasted through a wall of London's International Stock Exchange building. The explosion caused substantial damage but there were no casualties following a series of warnings.

It represented the 11th IRA attack in mainland Britain this year and appears to signal a further change of target from "soft" military ones and political targets such as the Carlton Club to prestige buildings that will secure the maximum publicity.

There were eight warnings calls within 18 minutes, the first time this tactic has been used in the current spate of attacks. The first call, using a new code word, was to Reuters news agency just after 8am, 40 minutes before the bomb went off.

The Financial Times received the first of two calls at 8.13am when, according to the duty security guard, a man, "calm, well-spoken, with a soft Irish lilt" said a bomb would go off at the Stock Exchange, in Threadneedle Street. He then gave the code word.

The police and fire brigade were informed and 10 minutes later, the man rang again. "This is the IRA again. You have less than 30 minutes," he said. The security guard tried to stall him and the man replied: "You bastard. I'm trying to save thousands of lives. You've got less than 30 minutes."

The calls probably saved many lives. The explosion occurred just as the morning rush hour was at its peak.

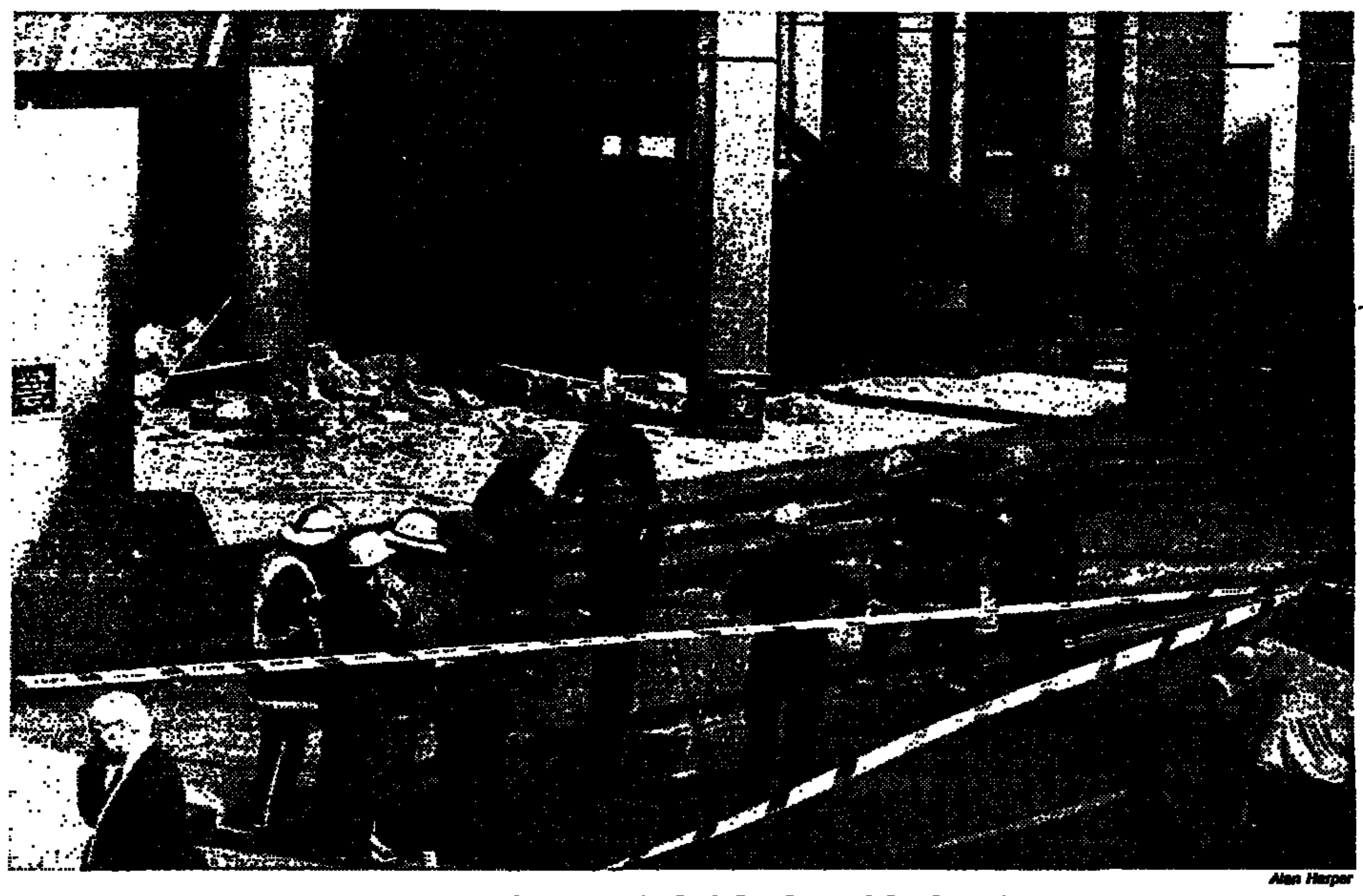
The area was cordoned off for several hours and traffic severely disrupted all morning but trading on the Stock Exchange itself was not badly affected. Since "Big Bang" four years ago the trading floor has been virtually deserted and trading done via telephone and computer screens. The central computer system was not damaged.

In the financial markets, the area of trading most badly affected was the London Traded Options Market located inside the Stock Exchange tower. Trading closed for the day although damage was confined to the visitors' gallery and business is expected to resume on Monday.

Following the first warning, most options dealers headed back to their City offices but some retreated to a nearby wine bar for breakfast before that too was evacuated by police. Most then went home.

The bomb, thought to contain between 5lb and 10lb of high explosives, was placed in the men's lavatory in the visitors' gallery. A 10-foot hole was blown through a wall leading to the visitors' gallery and big chunks of masonry and slivers of glass littered Old Broad Street.

Mr Andrew Hugh Smith, chairman of the Stock Exchange, promised an urgent review of security, although he described current measures as "stringent."



Alan Harper

Part of the Stock Exchange reduced to rubble after yesterday's bomb attack by the IRA

He added: "If the purpose of this callous act was to bring the City to a halt, they have failed singularly; our systems and services have functioned perfectly, and trading has continued as normal."

Commander George Churchill-Coleman, head of Scotland Yard's anti-terrorist squad, visited the scene and called later for increased public vigilance against terrorism. He regarded the Stock Exchange as "the softest target yet" but he did not think it necessarily represented a significant change in tactics.

Dealers stay cool, Page 4; Onlooker, Weekend II

Power generators plan huge provisions for job losses

By David Thomas, Resources Editor

HUGE PROVISIONS to meet job losses and other costs of moving into the private sector will be announced soon by National Power and PowerGen, the two electricity generators heading for privatisation.

The provisions, totalling hundreds of millions of pounds, will renew charges that the Government is featherbedding the electricity companies before their privatisation.

They will be announced when National Power unveils its final accounts as a nationalised industry next Thursday and when PowerGen does likewise the week after. The two generators are due to be sold early next year.

The provisions are likely to include manual and white collar job losses and relocation expenses, the costs of privatisation and a cut in the value of coal stocks to reflect world market prices.

City analysts believe there is considerable scope for job shedding at National Power, which has about 17,000 workers, and at PowerGen, which has about 9,100.

Mr John Baker, National Power's chief executive, has said that he foresees the industry closing 2,000-4,000 MW of older coal-fired capacity over the next three or four years. The generators are planning gas-fired stations which use many fewer workers.

However, Government critics will point to a further limited write-down of the value of the power stations contained in the reports, following huge write-offs in the past few years. The net asset value of National Power's stations is now believed to be below £2bn.

Separately, the Government yesterday agreed with all the 12 regional electricity companies the amount of debt they will have to carry into the private sector when they are privatised in November.

The Government is expected to announce on Monday that their combined debt levels are just below £2bn, but this includes about £700m in cash which they hold at present.

Britoil gold share to be redeemed

By Maurice Samuelson

THE Government yesterday unexpectedly announced it was redeeming its "golden share" in Britoil, the former state oil company privatised in 1982 and taken over by British Petroleum two years ago in a £2.5bn hostile bid.

The announcement by Mr Peter Morrison, Energy Minister, in the Commons yesterday is likely to provoke renewed controversy over the Government's policy on golden shares. Britoil is one of several former state companies in which the Government kept a special share as a shield against predators after privatisation.

The shares are intended mainly to deter takeovers by foreign companies. But the Government waived the share, for example, to allow Ford of the US to take over Jaguar, the UK luxury car company.

The government's golden share in BAA, the former state airports authority, restricts any ambition of Mr Michael Ashcroft, head of ADT, the

Continued on Page 22
Lex, Page 22

STC board divided over sale of ICL

By Financial Times Reporters

A SPLIT on the board of STC over its decision to sell ICL, flagship of the UK computer industry, to Fujitsu of Japan became apparent yesterday.

Mr Arthur Walsh, chairman, Mr Peter Bonfield, deputy chairman and ICL chief executive, and Mr Kenneth Gardener, director for mergers and acquisitions, were the principal architects of the plan to sell 80 per cent of ICL to the Japanese group for £740m, slightly below City estimates of its value.

While the rest of the board accepted the industrial logic of the deal, it is understood that they were not enthusiastic about the disposal of the UK's largest computer manufacturer. The final decision to sell the majority stake in ICL was taken at a board meeting late last week.

ICL's European competitors are still trying to stop the sale going ahead. Olivetti of Italy and Groupe Bull of France yesterday separately invited STC to reopen negotiations about merging their computer operations with ICL.

In Tokyo, there is no doubt that the deal will go ahead with Yomiuri Shimbun, the country's largest newspaper, emphasising that it would be the largest ever acquisition by a Japanese computer company.

Computer industry sources in Tokyo said the deal would provide Fujitsu with better access not only to the European market but to one of the leading sources of computer software expertise. "They want access to ICL's software especially," one computer industry official said.

Speculation grew yesterday that Northern Telecom the Canadian manufacturer which owns 27 per cent of STC had decided to bid for the rest of the group.

STC executives said they recognised that following a deal with Fujitsu on ICL the group would be vulnerable to a takeover with Northern Telecom and Alcatel of France being considered the most likely purchasers.

Details, Page 8

MARKETS

STERLING
New York lunchtime:
$1.8155
London:
$1.8145 (1.8155)
DM2.9775 (2.985)
FFr9.99 (10.0125)
SFr2.5525 (2.56)
Y270.25 (268.75)
£ index 94.0 (same)

GOLD
New York: Comex Aug
$362.0 (362.1)
London:
$361.25 (362.5)

N SEA OIL (Argus)
Brent 15-day Sep
$18.75 (18.575)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.63935
FFr5.499
SFr1.4035
Y149.05
London:
DM1.641 (1.644)
FFr5.505 (5.515)
SFr1.4065 (1.4095)
Y148.9 (148.00)
$ index 65.6 (65.5)
Tokyo close: 148.35

US LUNCHTIME RATES
Fed Funds $7\frac{15}{32}$%
3-mo Treasury Bills:
yield: 7.78%
Long Bond:
$102\frac{7}{32}$
yield: 8.54%

STOCK INDICES
FT-SE 100:
2,400.1 (+12.8)
FT Ordinary:
1,898.1 (+9.4)
FT-A All-Share:
1,176.37 (+0.4%)
New York lunchtime:
DJ Ind. Av.
3,005.45 (+11.64)
S&P Comp
366.62 (+1.3)
Tokyo: Nikkei
32,421.52 (−634.1)

LONDON MONEY
3-month Intbnk close:
$14\frac{21}{32}$-$14\frac{25}{32}$ (same)
Liffe long gilt future:
Sep $84\frac{7}{8}$ ($84\frac{13}{32}$)

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Austria Sch24; Bahrain Din0.700; Bermuda $1.50; Belgium BFr55; Canada C$1.00; Cyprus C£0.90; Denmark DKr12.00; Egypt E£3.25; Finland Fmk9.50; France FFr7.50; Germany DM2.60; Greece Dr180; Hong Kong HK$12; Hungary Ft107; Iceland IKR160; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1.000; Kuwait Fils.500; Lebanon £1.400; Luxembourg LFr55; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh8.00; Netherlands Fl3.25; Norway Nkr12.00; Pakistan Rs35; Philippines Pso 40; Poland Zl 9000; Portugal Esc185; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta185; Sri Lanka Rup50; Sweden SKr12.00; Switzerland SFr2.50; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L2000; UAE Dh7.00; USA $1.00.

EC ASKED TO FOLLOW SUIT

Spain freezes aid to Cuba as row escalates

Bt Tom Burns in Madrid

THE SPANISH government yesterday froze aid to Cuba in an escalation of the dipomatic row between the two countries which began with Cubans seeking asylum in Madrid's embassy in Havana.

Spain, which is Cuba's biggest trading partner after the Soviet Union and provides it with $2.5m worth of aid a year, also called on the European Community to take similar action.

The move comes after a week of mounting tension which has been marked by an exchange of sharply worded diplomatic notes. The Spanish government was particularly incensed by comments by the Cuban authorities criticising the Spaniards for behaving like colonial administrators. This led to the recall of the Spanish ambassador to Cuba for consultations.

Mr Luis Yanez, a foreign ministry secretary of state with special responsibility for Latin America, announced the move after an EC meeting in Brussels, using unusually strong language. "(Dr Fidel) Castro is in a cul-de-sac. Cuba is as dry as tinder box and the slightest spark is going to create a fire," he said.

Mr Yanez said he was surprised that Cuba was "alienating the only friend she has in Europe", and formally asked the European Commission to halt, for the time being, all the aid projects that the Community has with Cuba.

There are only three such projects (concern tourism promotion, an experts meeting on fishing and three scientific scholarships), but the Spanish initiative will be deeply resented by the Cuban government and seen as further evidence of Spanish interference in its internal affairs.

Spain began to exert overt pressure on Cuba in April when Mr Felipe Gonzalez, prime minister, together with Venezuela's president Carlos Andres Perez, met with Dr Castro in Brazil and attempted, in the event fruitlessly, to sellperestroika to the Cuban leader. "Our policy is to help bring about the peaceful chage towards democracy in Cuba," foreign ministry sources said.

Five more Cubans slipped past guards to enter the Spanish embassy yesterday. They join four others, one of whom, Mr Miguel Aldana, is reported to be a relation of Mr Carlos Aldana, secretary of the Cuban communist party's central committee. One man was removed from the embassy compound at gunpoint by Cuban police last weekend.

Yesterday a Cuban nuclear physicist, named as Mr Miguel Oquendo, applied for political asylum in Spain together with his Russian wife when their plane, returning from Moscow to Havanna, made a refuelling stop in Madrid. The Foreign Ministry said Mr Oquendo would be granted asylum and that Spain would not hand the embassy refugees back to the Cubans.

Panama companies sue US over invasion

By Roderick Oram in New York

A GROUP of 60 Panamanian companies have sued the US Government in New York seeking $30m (£16.48m) compensation for damage caused by looting and vandalism after the US invasion last December.

They claim the US broke international laws by failing to provide adequate security in Panama after the invasion. US troops also caused unnecessary damage to the businesses by using excessive force, the suit said.

Mr Dennis D'Antonio, the New York lawyer representing the group, said: "The US didn't have complete plans for a new civil administration and police."

US troops invaded on December 20 to overthrow General Manuel Noriega, the Panamanian leader. Having seized power, they disbanded the police and local security forces but failed to provide an adequate replacement, the suit alleges. Looting and vandalism followed resulting in several billion dollars of damage in the country.

Excessive military force also contributed to the destruction, the suit claims. When, for example, US troops failed to dislodge a sniper from the top of a warehouse, they called in the artillery. The building, owned by a plaintiff was demolished.

The plaintiffs, ranging in size from the local subsidiary of Samsung, the Korean electronics group, to "mom and pop" businesses, decided to file suit after the US rejected their claims for compensation, Mr D'Antonio said.

In a parallel legal action, the companies have also filed a suit in Panama against insurance companies which refused to pay claims on the grounds that the damage was caused by acts of war.

A number of major US and European insurers and reinsurers are potentially liable, said Mr D'Antonio whose New York law firm, Weg and Myers, specialises in pursuing claims against insurers.

Prospect of farm crisis in Gatt talks increases

By William Dullforce in Geneva

THE PROSPECT of a crisis over agriculture erupting next week in the Uruguay Round trade talks increased yesterday.

The US persisted with its demand that the European Community should give specific commitments to reduce its subsidies on farm exports and its protection against farm imports at next week's meeting of the Round's Trade Negotiations Committee (TNC).

In the American view, such commitments are called for in the draft text of a framework agreement "commended" by the leaders of the seven big industrial powers at their Houston summit. The text was written by Mr Aart de Zeeuw, chairman of the group negotiating on agriculture.

A compromise had appeared to be possible after the EC had said on Thursday that it was ready to let the de Zeeuw text go the TNC and to use it, in the language of the Houston summit, as a "means for intensifying" the farm talks.

It was also agreed, as required by Mr de Zeeuw, that countries would submit by October 1 lists of their current farm supports in three areas: export subsidies, border protection and internal payments.

However, in its statement the EC maintained reservations: reductions in all three areas would be related to an overall aggregate measure of support (AMS); there should be no commitment to cut export subsidies more than other forms of support; cuts should apply primarily to products "in structural surplus."

The US claimed that the EC's reservations would leave no clear basis for the hard-core negotiations on cuts in farm supports. "We have to have a common understanding on how we are going to move after the TNC and that means we must stick to the de Zeeuw text," one US official said.

The ball is now back with Mr de Zeeuw who will meet negotiators informally over the weekend, and hopes to reconvene the group early on Monday for a final effort to avert a destructive showdown.

● DR Neal Blewett, the Australian Minister for Trade Negotiations, blasted the EC Ministerial Council for failing to endorse the proposals put forward by the chairman of the Uruguay Round Agriculture Negotiating Group and warned that the whole Uruguay Round could stall over farm trade, Nancy Dunne reports from Washington.

"There was little sign of the Houston spirit in these discussions," he said. "The European Community has not, as yet, given any indication that it is prepared to seriously negotiate substantial farm reform."

Bush seeks the high ground in budget talks with Congress

By Peter Riddell, US Editor in Washington

PRESIDENT George Bush yesterday sought to take the political upper hand in the delicately poised talks on a deficit reduction package by claiming he had done his part and it was now up to the Democrats who run Congress.

Noting what he called the "firestorm" about his decision to put tax revenues on the table at the end of June. Mr Bush said: "I've done my part – now it's their (the Congressional Democrats) turn."

Mr Bush's previously high opinion poll ratings have begun to slip back, particularly over his handling of the economy and the savings and loan crisis.

His comments came amid signs of movement in the intensive negotiations. The hope is to reach outline agreement on a $50-$55bn deal by the start of the Congressional recess in two weeks.

In a highly significant move, Representative Newt Gingrich, the Republican House Minority Whip, and a leader of Congressional conservatives, has told fellow negotiators that he would "sponsor and support" a package including higher taxes as well as deep spending cuts and a strengthening of the budget process. Until now, House Republicans have decided to

George Bush: 'Now it's up to the Democrats'

oppose higher tax rates.

The White House and conservatives like Mr Gingrich may be able to claim that they have successfully opposed any increase in income tax, while agreeing to other, less politically contentious tax raising measures, such as higher indirect taxes and curbing tax deductions. Around $25bn in higher tax revenues in fiscal 1991 is now being discussed, compared with the near $14bn proposed in the January budget.

The administration is keen for an early deal for several reasons – notably so that the Federal Reserve will then cut interest rates substantially. Delaying decisions until September or later runs the risk of a stalemate before the midterm elections in early November and chaos, for which the administration might be blamed, if across-the-board automatic spending cuts of $100bn have to be implemented in October during the campaign.

There are two further complicating factors. First, the Resolution Trust Corporation, which handles the savings and loan rescue, is likely to run out of money some time in the autumn, so Congress will have to approve further finance. This money, probably at least $60bn, will substantially inflate the deficit.

The second problem is that Congress will have to approve an increase in the Federal debt ceiling by early August, or else the US Treasury will not be able to raise new borrowings and will default. In the past debt ceiling debates have been the occasion for Congressional brinkmanship on fiscal issues.

Oliver North: entitled to new trial

Victory for North

By Peter Riddell, US Editor in Washington

FORMER marine lieutenant colonel Oliver North yesterday won an important legal victory in his battle against his conviction last year on three charges arising from the 1985-86 Iran/Contra affair.

A Federal Appeals Court decided by two to one to reverse one of the three convictions. It ruled that Mr North was entitled to a new trial on the charge of altering and destroying sensitive National Security Council documents on the grounds that the trial judge gave erroneous instructions to the jury.

The court also ordered a lower court to determine whether Mr North's trial was tainted by his televised testimony to Congress in 1987, which he was guaranteed would not be used in any criminal case against him. It decided he was entitled to a full hearing into whether the testimony affected the case which led to the two other convictions.

French trade deficit narrows

FRANCE'S foreign trade deficit narrowed in June, reversing the deterioration of the previous two months, according to provisional figures released by the customs service yesterday, reports William Dawkins from Paris. The deficit fell to a seasonally adjusted FFr1.02bn last month, from a revised FFr5.54bn in May. This compares with a FFr4.4bn deficit in April and brings the unadjusted figure for the first half of the year to a seasonally corrected FFr13.4bn, down from FFr18.6bn for 1989.

The government thinks the underlying trend is stagnant and the full year could be in line with last year's FFr44bn.

The main improvement in last months' deficit came from trade in industrial goods, helped by the continuing surplus in arms exports, plus the sale of four Airbus aircraft. The industrial trade shortfall declined to a seasonally corrected FFr3.89bn, from FFr7.03bn a month earlier.

Meanwhile, France's trade surplus in food and agriculture rose from FFr4.2bn to FFr5bn.

De Maizière tries to avert split over German unity

By Leslie Colitt in East Berlin

MR Lothar de Maizière, the East German Prime Minister, attempted to avert a split in his coalition government over the decisive date of East German accession to West Germany.

In a meeting yesterday of the Volkskammer (parliament) which was interrupted by a bomb threat, the small Liberal Party and the Social Democrats - both partners in the coalition - called for a vote to set the date of accession to West Germany on December 1, a day before elections are to be held in both parts of Germany. But Mr de Maiziere, opposed by many members of his own Christian Democratic Party (CDU), insisted on accession after the elections.

East German accession before December 2 would mean the holding of joint elections

Maiziere: hoping still

under the West German rule which eliminates parties gaining less than five per cent of the ballots.

This would prevent the tiny Alliance 90 parties which played a key role in the overthrow of the former Communist regime last autumn, from gaining seats in an All-German parliament.

But by postponing accession, Mr de Maiziere may hope to retain at least some political leverage in the negotiations with Bonn on a second state treaty. Under it East Germany will adopt most but not all West German laws.

●The booming West German economy created 535,000 new jobs in 1989, David Goodhart writes from Bonn. The figures represent a 2.5 per cent increase and brings the number of those officially employed to 21.9m.

From December 1989 to April this year a further 200,000 jobs were created helping absorb East Germans.

Headaches over Greek metro

By Kerin Hope in Athens and David Buchan in Brussels

A WRANGLE over the tender by three international consortia for the long-delayed $1.3bn extension of the Athens underground system is causing mounting concern in Brussels, with fears that further delay could seriously set back the EC's aid programme for the beleaguered Greek economy.

The contract competition has been prolonged until September 30, giving the Greek government extra time to comply with the European Commission's insistence local content preferences be dropped from the original 1987 tender for the Athens metro.

But if the contract cannot be awarded next month – because of remaining disputes over arbitration and advance payments – the tender will have to be re-launched. This would add cost and another 18 months delay to the eventual contract, considered essential in Athens' bid to host the centennial Olympic games in 1996, according to a senior government official.

For the Athens metro, the Commission has earmarked Ecus 178m ($141m), out of the Ecus 7bn in EC structural aid going to Greece over 1989-93. The idea is being increasingly canvassed that the EC might lend Greece the money it needs to match Community assistance, rather than making another general balance of payments loan, as it did in 1985.

The three contenders for the metro deal are Olympic Metro, led by Siemens of Germany; Eurometro, led by Bouygues of France; and DIKMA, led by Weiss Freytag of Germany and Asea Brown Boveri (ABB), the Swiss-Swedish engineering company. All three have local Greek partners. The project involves building two new lines, 18 kms long with 21 stations.

Bids were originally submitted more than two years ago, but the decision was delayed because of political uncertainty and the need to revise the tender terms in line with new EC rules on fair competition in public contracting. But even existing EC law made illegal the provisions on use of local labour, materials and offset arrangements which Athens wrote into the original 1987 tender, say EC officials.

On learning of these provisions, Brussels took up the matter with Athens. But it has not taken court action, as it did last year against Denmark when, acting on information from Bouygues, it got that country to drop local content and labour provisions in the contract for the Storebaelt bridge. The Commission has given Mr Stephanos Manos, the Greek public works minister, a breathing space because, in contrast to his Danish counterpart last year, he has agreed to try to change tender terms without EC legal action.

NEWS IN BRIEF

E Europe aid backed

SENATE Foreign Relations Committee Democrats have approved a bill that would provide $535m (£293.95m) in US aid to East Europe and authorise President George Bush to send technical advisers to Moscow to aid democratic and financial reforms, AP reports from Washington.

The bill would prohibit US aid or loans to Moscow, but would allow President Bush to send more technical experts to help any country, including the Soviet Union, move away from communism by strengthening democratic and free market practices.

The $535m would include $225m in additional business enterprise money for Poland and Hungary, $100m for housing in East Europe, $100m for business scholarships, $40m to support democratic institutions and $70m for the new European Bank for Reconstruction and Development aiding East Europe.

Siberian heatwave starts fires

A heatwave near the Arctic Circle has started 25 fires in the tundra around the Western Siberian city of Nadym, a gas production centre, Tass reported yesterday, AP reports from Moscow.

A dense cloud of smoke 125 miles in diameter covered the city after the fires erupted in peat bogs over an area of 1,730 acres.

Mr Nikolai Kovrigin, the Mayor of Nadym, said that firefighters trying to prevent the fires from reaching gas pipelines were hampered by the smoke and by swamps on the treeless plains.

France faces airport strike

Air Inter, France's main domestic airline, has cancelled 25 per cent of its flights yesterday and today because of a 48-hour strike by pilots and navigators seeking more pay, AP reports from Paris.

The airline said its small number of flights outside France would not be affected, nor would its flights to Corsica. No French city served by the airline would be completely cut off, Air Inter said.

Ceausescu aides face trial

Twenty-four Communist Party chiefs who helped Nicolae Ceausescu, the ousted dictator, rule Romania face genocide charges on Saturday in the biggest trial arising from last year's revolutions in Eastern Europe, Reuter reports from Bucharest.

The 24 were all members of the Romanian Communist Party's political executive, or Politburo, which ruled the country for 24 years under Ceausescu.

They include Mr Constantin Dascalescu, the former prime minister and Mr Ion Toto, former foreign minister.

UN urges Greek and Turkish Cypriots to stay calm after troop switch

By Robert Mauthner, Diplomatic Correspondent

The United Nations Security Council has urged both Greek and Turkish Cypriots to refrain from any action which could aggravate the situation in the divided island, following the move of Turkish Cypriot security forces into the deserted town of Varosha.

Varosha, in the north of Cyprus, has remained a "ghost town" since it was abandoned by its Greek Cypriot inhabitants after the Turkish invasion of the island in 1974 and the subsequent setting up of the self-styled "Turkish Republic of Northern Cyprus."

Turkish troops fenced off the town, previously a popular holiday resort, and forbade its settlement by civilians. It was generally assumed that it would become a bargaining counter in negotiations between the 2 Cypriot communities under UN auspices.

However, on Thursday, Turkish Cypriot leaders announced that their security forces had replaced Turkish mainland troops and had officially taken over control of the town. The Greek Cypriot government claimed that the Turkish Cypriot leadership planned to settle its citizens in the area.

"Such an action would be fatal to the negotiating process," Mr Andreas Mavrommatis, the Greek Cypriot Ambassador to the UN said yesterday. However, Turkey's Ambassador to the UN, Mr Mustafa Aksin, told reporters that the Varosha controversy was no more than "a storm in a tea-cup," which was intended to camouflage Greek Cypriot intentions not to pursuenegotiations on the future of the island with Turkish Cypriots.

The last round of talks between Cypriot President George Vassiliou and Turkish Cypriot leader Rauf Denktash broke down last March.

In its statement, the Security Council backed the recent report on the Cypriot dispute by UN Secretary-General Javier Perez de Cuellar, in which he expressed frustration at the lack of progress in the Cypriot peace talks and said that his representative would make another attempt to bring the two sides together.

Without specifically mentioning Varosha by name, the Council drew attention to a clause in its 1984 resolution that considered any attempts to settle the town by people other than its former inhabitants as inadmissible and called for the transfer of the area to UN administration.

Kidnapping becomes a fast-growing business in Brazil

Thirty rich businessmen have been grabbed in the last six months, reports **Christina Lamb** from Rio De Janeiro

BRAZIL may be going through a recession but in Rio one industry is prospering, earning an estimated $13m in the last six months. One of its main centres of operation is located, courtesy of the state, in Rio's maximum security prison.

The industry is kidnapping. The victims are well-known businessmen – 30 in the last six months.

After years at each others' throats the street gangs which have long made Rio a tourist's nightmare are starting to unify and become involved politically. On streets known as the "school of crime," over the last 30 years crime has progressed from car theft and assault to break-ins and bank robberies. As banks started keeping less money on hand, drugs trafficking became the new boom. But when much of their profits were seized by President Collor in a draconian freezing of 80% of savings in March the gangs needed a new way of obtaining quick cash. They turned to kidnapping, demanding ransoms of up to $10m.

"We are not going to become another Medellin," insists Dr Jorge Gomes, the head of Rio's anti-kidnapping division. But all the signs point that way. The gangs also run arms and drugs rings and the scale of organisation is frightening.

Ms Alba Zaluar, a sociologist specialising in organised crime, says "my fear is that crime has become political. The victims are very specific sorts of people whom the poor see as enemies. They are owners of supermarkets or bus networks whom the poor blame for high prices or they are rich Jews. I hear people praising the kidnappers. They're becoming champions of the people."

More than any other city, Rio exemplifies Brazil's huge gap between rich and poor. Glossy apartment blocks on some of Latin America's most expensive real estate stand shoulder to shoulder with the overcrowded *favelas* or shanty towns clinging to cliffs.

Ms Zaluar fears that the kidnappers will use their gains to interfere in the forthcoming elections. "They have become more centralised, more articulate and using coercion and fiscal force, have been taking over the powerful Dwellers Association which mediates between government and the *favelas*."

Of the six kidnapping gangs identified by the police the most extensive is the Red Command, masterminded by inmates of the state's maximum security prison through lawyers and visitors. Members generally live in *favelas* on hills around Rio from which all access points can be watched.

The US embassy and several leading companies have issued pages of "security tips to avoid kidnapping," warning people against "attitudes of complacency or fatalism." Says one worried businessman, "we all carry arms – who cares if its legal." In clubs where once deals were clinched the talk is all of who will be the next victim. A huge business has grown up in armour-plating cars at $38,000 a time or providing escorts for $1000 a month.

The police admit the situation is getting out of hand with other criminals seeing from TV or newspaper stories exactly how the crimes are done and going in for small, unreported kidnaps of children and poorer people for meagre sums. Mr Cesar Maia, a local MP, says "the real tragedy is if crime was eliminated from Rio in 24 hours, the following day there will be a million people in the street asking for jobs."

The Anti-kidnapping Division does not inspire confidence, situated as it is in former torture chambers. Inside the crumbling grandiose building Dr Gomes sits in front of a 3D picture of a bleeding Jesus, while men with bandy legs and dark glasses saunter in and out chewing tobacco.

He admits that "we are having a lot of trouble. We work 24 hours a day but the numbers are increasing." His deputy, Mr Nelsi Silva points out: "the kidnappers are far better armed than we are."

The central government is considering declaring a state of emergency and sending in federal police but the state authorities are resisting. Last week the Rio police caught three alleged kidnappers in an operation reminiscent of the antics portrayed in the US "Police Academy" films. They conducted an armed raid on a hotel in neighbouring Paraguay accompanied by a TV crew. But the whole lot were arrested by the bemused Paraguayans, causing much embarrassment to the Brazilian government.

Most people in Rio believe the police are involved in kidnapping and thus refuse to co-operate, including the families of victims who in several cases have made public appeals for the police to withdraw from the case. Mr Silva complains that "people here have no respect for us," but admits that "it is possible some police are involved."

Corruption has long been rife in the police partly due to the low salaries which average only $120 per month and their lack of arms. A recent Amnesty International report accused them of running death squads and "torturing and killing ordinary criminal suspects and prisoners."

Aside from the police, the gangs have important protectors. Through a combination of fear and patronage they command the support of the *favelas* in which they live and can thus deliver millions of votes to local politicians. Mr Silva explains that "they give to the community footballs, medicines, schools. We cannot compete with that."

Rio authorities fear that business will begin deserting the city and are eager to play down the situation. However, the underlying worry is that with recession setting in, for many crime will seem the only option and thus escalate further.

The Financial Times (Europe) Ltd Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by B. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

Kuwait tries to defuse crisis with Iraq

By Victor Mallet, Middle East Correspondent

KUWAIT and other Arab states attempted yesterday to soothe the increasingly assertive Iraqi leadership, which this week revived a border dispute with Kuwait and threatened to retaliate against Gulf states flouting their Opec oil production quotas.

Mr Chedli Klibi, Secretary-General of the Arab League, flew to Kuwait from the League's headquarters in Tunis in an effort to resolve the crisis ahead of next week's Opec meeting in Geneva.

President Hosni Mubarak of Egypt issued an appeal for calm, urging the two sides to settle their differences with "brotherly, constructive dialogue." King Fahd of Saudi Arabia has also tried to mediate.

Kuwait itself has cancelled a state of alert for its armed forces – they would in any case have little chance of beating off an Iraqi invasion – and the country's newspapers yesterday adopted a conciliatory tone.

Iraq, however, continued to take a hard line against its fellow Arab oil producers.

President Saddam Hussein and his ministers are angry that other Opec members have forced down the price of oil this year by producing above their quotas; the Iraqi economy, heavily dependent on oil exports and struggling to recover lost ground after the eight-year war against Iran, has suffered from lower oil revenues.

"What Kuwait and the UAE have done is pure aggression against Iraq and other nations," said yesterday's al-Thawra newspaper, the mouthpiece of the ruling Baath party. "Their oil policy is aimed at weakening Iraq and preventing it from achieving parity of power in its confrontation against American and Zionist threats."

The New Umma Party, an Iraqi opposition group, claimed yesterday that small detachments of Iraqi troops were now established on the bleak Kuwaiti islands of Bubiyan and Warbah after landing three weeks ago to put pressure on Kuwait.

There was, however, no independent confirmation of the report. Iraq tried to lease the islands during the Gulf war because of their strategic position near the Faw peninsula, but Kuwait, poised uneasily between Iran and Iraq, refused to let them go.

President Saddam's quest for dominance in the Arab world following the 1988 ceasefire with Iran has begun to affect the entire Middle East region. He has not only portrayed himself as Opec's "enforcer" and pursued ancient Iraqi claims against Kuwait, he has also championed the Palestine Liberation Organisation, threatened Israel and verbally attacked the US.

Mr Yassir Arafat, the PLO leader, is said to have cancelled a planned visit to Cairo following a row at an Arab foreign ministers' meeting in Tunis earlier this week.

Both Mr Arafat and Mr Tareq Aziz, the Iraqi Foreign Minister, were reported by Egyptian newspapers to have criticised Egypt at the meeting and to have suggested that Cairo was too dependent on the US.

President Saddam, according to western diplomats, is annoyed with Kuwait for its recent welcome of Mr Ali Akbar Velayati, the Iranian Foreign Minister, and with Egypt for hosting President Hafez al-Assad of Syria, Mr Saddam's personal foe.

Israeli defence minister flies to Washington talks

By Hugh Carnegy in Jerusalem

MR MOSHE ARENS, Israel's Defence Minister, yesterday flew to Washington at short notice for talks with Mr Richard Cheney, the Secretary of Defence, in the most senior meeting between the two governments since the right-wing coalition of Mr Yitzhak Shamir took office last month.

Israeli newspapers and defence specialists said it appeared Mr Cheney was anxious to discuss the tensions provoked in the region this week by Iraq's sharp verbal attacks on Kuwait and the United Arab Emirates for over-producing oil.

This war of words followed earlier Iraqi threats of retaliation against Israel if it attacked Baghdad or any other Arab state.

Although they acknowledged Mr Arens had been called to Washington unexpectedly, Israeli officials said the talks would cover a range of routine security issues. Mr Yossi Achimeir, an aide to Mr Shamir, said that while Israel and the US shared concerns about Iraq, there was not necessarily a connection between the Iraq-Kuwait dispute and Mr Arens' visit.

His trip comes at a time of distinct coolness between the two governments over efforts to start Israeli-Palestinian peace talks. Mr Arens' departure coincided with the announcement that the State Department had postponed a meeting of a joint committee that co-ordinates the disbursement of US military aid to Israel, prompting speculation in Israel – denied by the State Department – that the move was intended to show Washington's dissatisfaction over Mr Shamir's policies.

Mr Arens is keen to persuade the US administration not to cut back military aid worth $1.8bn a year. He is also anxious to secure further US funding for the joint US-Israel development of the Arrow anti-missile system, built under the US's Strategic Defence Initiative, or Star Wars programme.

The Israeli military disclosed yesterday that the Arrow, which Israel sees as a vital potential defence weapon against Syrian and Iraqi missiles, will be test fired for the first time in the next few weeks. However its further development is reported to require funds of $190m.

French PM warns Japanese on car imports

By Ian Rodger in Tokyo

MR Michel Rocard, the French Prime Minister, said in Tokyo yesterday that Japanese car imports into the European Community would be restrained after 1992.

"No amount of pressure, of whatever sort, or from whatever source" would push France or the EC into threatening hundreds of thousands of jobs in the European car industry, Mr Rocard said.

His three-day visit to Japan, the first by a French Prime Minister in 14 years, is an attempt to strengthen bilateral relations and seek Japanese aid for francophone Africa.

Relations between Japan and France have been marred in the past by what he called "excessive words," an apparent reference to the frequent hostile remarks by Mrs Edith Cresson, the French European Affairs Minister, about Japanese trade practices.

Mr Rocard congratulated Japan on the strength of its car industry but pointed out that its strength frightened others. He noted that in the past 10 years Japan had manufactured 118m cars, of which 62m had been exported. However, over the same period, it had imported only 800,000 cars. This showed an unacceptable imbalance, and Japan should not be surprised that other countries take steps to protect their motor industries.

In the case of the EC, if Japanese car exporters were allowed free access after 1992, they would cause so many job losses that the resulting social crisis in the Community would severely damage EC-Japan relations.

Mr Rocard suggested that the issue of access for Japanese cars in the EC be discussed alongside France's demands that Japan provide greater opportunities in its market for French banks and water treatment companies.

On international issues, he welcomed Japan's increased spending on aid and suggested that the two work together in Africa, where France's knowledge could help Japan avoid mistakes in its aid spending.

● The European Commission has imposed provisional punitive duties of up to 85.4 per cent on tubular tungsten halogen lamps from Japan, which it ruled were being imported at unfairly low prices, Reuter reports from Brussels.

N Korea sets tough conditions for open border with Seoul

By John Ridding in Seoul

NORTH KOREA yesterday responded to a dramatic South Korean proposal by setting tough conditions for opening the tightly-sealed border between the two countries.

Earlier in the day, South Korean President Roh Tae had announced on national television that his Government had decided to open the border for five days in August, raising the prospect of the first free travel between the two countries since the division of the peninsula after the second world war.

In a statement carried by North Korea's Central News Agency, Pyongyang, laid down a list of demands, including the repeal of a law that punishes unauthorised travel to the North and the destruction of a South Korean concrete wall along the border.

Analysts said the tough conditions represented a propaganda ploy by North Korea and were unlikely to be met by South Korea. South Korea denies that there is a concrete wall separating the two countries.

According to the news agency report, Pyongyang said: "We declare that if the above-said matters are resolved, we will believe what the South Korean authorities said is true and realise a partial travel through Panmunjom (a border village) without time-limit from the 15th of August."

The tone of this report was much softer than an earlier broadcast on state-run Radio Pyongyang, reported by Japan's Kyodo News Service, which said North Korea had dismissed President Roh's suggestion as fraudulent propaganda.

Analysts said that the response from North Korea was typical of previous proposals for contacts between the two countries. "It is a familiar pattern of raising demands which it knows the other side won't accept," said one diplomat.

President Roh: suggestions dismissed as propaganda

Earlier this month, North Korea itself announced that it would open its side of the border on August 15, the 45th anniversary of Korea's liberation from Japanese colonial rule. At the time, Pyongyang called on South Korea to follow its initiative and also open its border.

The two countries recently reopened contacts after a five-month hiatus caused by North Korea's opposition to South Korean participation in military exercises with the US.

In their first meeting since the suspension of talks, Seoul and Pyongyang quickly reached agreement on holding a meeting between prime ministers.

Since then, however, prospects for improved ties have again deteriorated. Earlier this week North Korea postponed talks, citing the announcement of a mass resignation of members of the South Korean national assembly. On Wednesday, Pyongyang demanded that South Korea's National Assembly be dissolved.

South Korean economy to grow by 9% this year

SOUTH KOREA'S economy, spurred by consumption and brisk construction activity, is expected to grow 9 per cent in 1990 against 6.7 per cent last year, Bank of Korea Governor Kim Kun said, Reuter reports from Seoul.

Kim told a meeting of bank officials gross national product (GNP) in the first half of this year grew an estimated 9.8 per cent, compared with 6.8 per cent in the same 1989 period.

"Domestic consumption and investment in construction led economic growth in the first half," he said. "We expect 8.4 per cent growth for the second half and 9 per cent for the whole of this year." Kim said, however, that the current account was expected to show an equilibrium by the end of the year with a surplus in the latter half of the year. He said Korean exports were likely to recover somewhat in the latter half of this year, accompanied by a slowdown in imports.

Stressing the need for a strong anti-inflationary economic policy, Kim said the central bank planned to pursue a tight money policy by curbing the growth of money supply and loans for consumers and non-manufacturing businesses.

With effective anti-inflation measures, Kim said, consumer prices, which rose 7.4 per cent in the first half, could be held down below 10 per cent by the end of the year.

Taiwan reserves fall to lowest level since 1987

By Peter Wickenden in Taipei

TAIWAN'S foreign exchange reserves at the end of June were down to $63.63bn, a fall of $10.71bn from June 1989. Soaring capital outflow has brought the reserves to their lowest level since the third quarter of 1987.

The Central Bank said the reserves were currently held in 11 currencies. The proportion in US dollars has shrunk from 70.58 per cent a year ago to 59.5 per cent. This was mainly because of heavy selling of dollars by the Central Bank in June to prevent further depreciation of the Taiwan dollar. A storm of speculative US dollar buying by individuals who were bored with the stock market sent short-term US dollar deposits in local banks from $3bn to $5bn in June alone.

In the event the Central Bank was the winner in a monumental money game, and the NT dollar appreciated slightly. The Bank also allocated $5bn as seed capital for Taiwan's new interbank forex market.

D-Mark reserves are up from 16.18 per cent to 23.61 per cent; yen from 9.32 per cent to 11..02 per cent; Swiss francs from 3.02 per cent to 4.49 per cent; and sterling from 0.49 per cent to 0.74 per cent. Gold reserves at the end of June stood at 13.53m oz, worth $4.78bn based on the London closing price of $353.25 per oz.

Lawyers spurn Kenya

By Julian Ozanne in Nairobi

KENYAN lawyers yesterday applauded the decision of the International Bar Association to cancel its biannual meeting in Nairobi in the wake of the political crackdown on human rights lawyers.

Mrs Martha Njoka, a lawyer for Mr Gitobu Imanyara, the detained editor of the Nairobi Law Monthly, said: "I think the decision is great. If the conference is going to discuss the rule of law and human rights and if our government is detaining several lawyers without trial we do not have any moral right to discuss those issues in this country."

President Daniel arap Moi yesterday rejected appeals from home and abroad to release political detainees, saying that nobody should feel sorry for them.

"I am concerned that our friends are showing sympathy with those who are detained and not with those who died or lost their property in recent riots, Mr Moi told a rally in central Kenya. "We cannot allow a few people to incite others to commit acts of lawlessness. This is unacceptable."

The IBA, which will now hold its conference in New York, said the organisation was greatly concerned about four lawyers being held incommunicado without charge. Another lawyer, Mr Paul Muite, is in hiding and two other government critics have fled the country.

The IBA cancellation will disappoint the Kenyan tourism industry. About 5,000 people were booked for the meeting and $4m-$7m in tourist revenues were expected. This week the Kenya Association of Tour Operators said that had been "massive" holiday cancellations after five days of anti-government riots.

Tourism is Kenya's chief foreign exchange earner, bringing in about $380m from nearly 700,000 visitors last year.

Paris Club pledges $500m for Zambia

By William Dawkins in Paris

ZAMBIA, one of Africa's poorest countries, was yesterday promised $500m of aid by 17 Western donors.

The agreement, sealed at a meeting of the World Bank consultative group on Zambia, confirms that the country will get $50m more than indicated at a preliminary aid meeting in April. The increase is a recognition of the progress of the Zambian Government's economic reforms, said Mr Gibson Chigaga, the Finance Minister.

This comes a few days after the Paris Club of creditor western governments agreed to reschedule $1.6bn of Zambia's $7.2bn external official debt. Yesterday's aid plus the debt rescheduling means Zambia's funding gap for 1990 is now fully closed, said Mr Chigaga.

"This meeting has made an important step...We are now looking for the quick disbursement of resources, which had been held up until the meeting of the Paris club," he said.

Donors had been encouraged by the calling of October's referendum on ending one-party rule and by plans to partly privatise state-controlled businesses and remove subsidies.

Tokyo call for rice imports defended

Ian Rodger in Tokyo

JAPAN will have to open its rice market if the US and the European Community agree to liberalise their agricultural policies in the Uruguay Round multilateral negotiations this year, Mr Toshio Yamaguchi, a senior politician in Japan's ruling Liberal Democratic Party (LDP), said yesterday.

Mr Yamaguchi – whose call last week for a 5 per cent opening of Japan's rice market has caused a furore both at home and abroad – said international agreements would have to take precedence over resolutions unanimously passed in the Japanese Diet two years ago calling for the existing import ban to be extended indefinitely.

As Mr Yamaguchi is chairman of an important LDP economic policy committee, his statement was taken by many as a sign that the Japanese Government was preparing the public to reverse its policy of not importing "a single grain" of rice. However, other party leaders and cabinet ministers have reacted angrily to his statement and promptly disassociated the Government from his views.

It is probably more accurate to see his position as another indication of the erosion of the national consensus on the rice issue. Critics point out that he represents a constituency in Saitama, suburban Tokyo, where consumer concerns, which include high rice prices, outweigh farm interests.

Mr Yamaguchi said he was not surprised at the strength of reaction to his call. "Rice is still a very sensitive issue," he said. "I am a big fan of rice, it tastes good and it is nutritious, but because of the controversy over the past few years, Japanese people have the impression that our rice is not as good tasting as foreign rice. That has contributed to the fall in demand for it. Rice production used to be 14m tonnes a year but it is now down to 9m tonnes."

He believes that if the market were open, consumers would soon favour Japanese rice and production could rise again.

He has been criticised for suggesting a 5 per cent opening because that would merely lead foreign governments to demand a larger opening. Indeed, Mr Clayton Yeutter, the US Agriculture Secretary, said it did not constitute a significant liberalisation.

Mr Yamaguchi said he chose 5 per cent with some care. "If we opened 1 per cent, that would not be a realistic figure. If we opened 10 per cent, I am not sure if the suppliers would have the capacity to provide it or Japanese consumers the capacity to buy it."

It was unfortunate the Japanese rice market had become a symbolic issue for the US in the Uruguay Round, but it meant that Japan had to compromise. Because of the Diet resolutions, the Japanese government could not take the initiative in offering to open its rice market, "but if other countries compromise on agriculture, Japan will not be able to stick to its position."

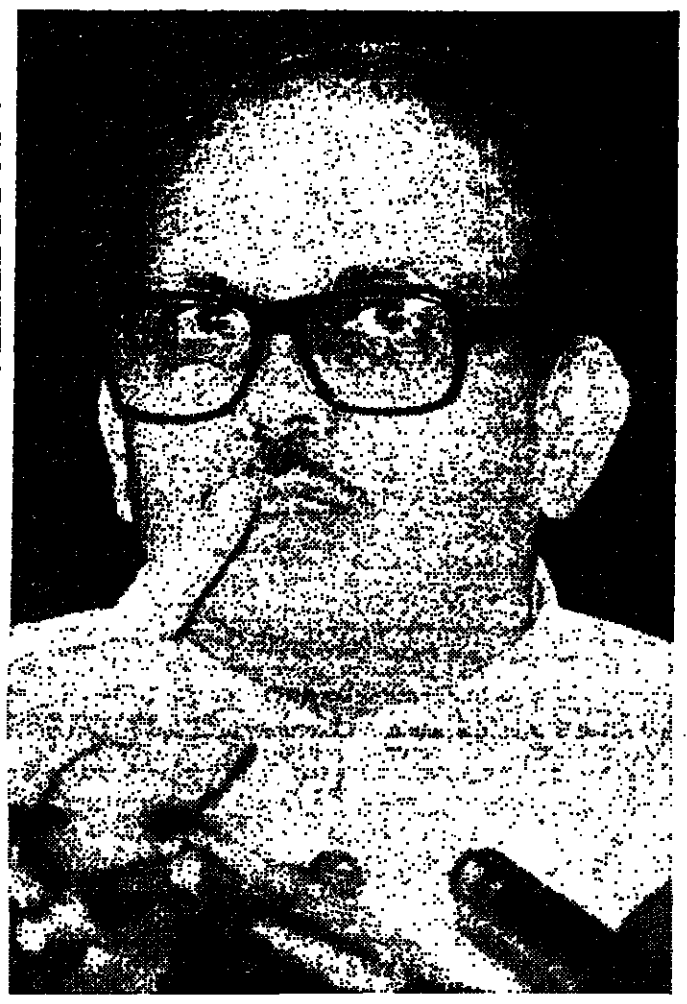
Money supply rise slows

JAPAN'S money supply (M2 plus certificates of deposits) growth slowed slightly in June, but at 12.6 per cent year on year, was still considered excessive in relation to the underlying performance of the economy, writes Ian Rodger.

Thus, some economists in Tokyo believe that a further increase in official interest rates is still in the balance.

Increased bank lending again contributed to the high rate of money supply growth, the Bank of Japan reported. However consumption tax payments and a substantial drop in issues of domestic commercial paper restrained the increase compared to May, when the growth rate was 13.2 per cent, according to a revised figure issued yesterday.

A Bank of Japan official welcomed the slightly slower growth rate in June, but said it was still too high in view of current underlying economic conditions. The central bank is forecasting that money supply growth will remain above 12 per cent in the third quarter, compared with 13 per cent in the second quarter and 11.7 per cent in the first quarter.



V.P.Singh yesterday: denies cutting deal with deputy

Singh tries to shore up fragile ruling coalition

By K.K. Sharma in New Delhi

INDIA'S ruling Janata Dal party, the main constituent of the National Front government led by Mr V.P.Singh, is devising ways to prevent political crises of the kind earlier this week when the coalition came close to collapse.

Mr Singh announced this yesterday at a two-and-a-half-hour press conference, when he faced often hostile questions about his role in the affair.

The crisis was triggered by the re-election of Mr Om Prakash Chautala, the controversial son of Mr Devi Lal, deputy prime minister, as chief minister of Haryana state. Mr Chautala took office despite allegations against him of violence and rigging of a by-election he contested. The crisis was resolved when he resigned as chief minister this week.

Mr Singh, who has been widely blamed for allowing the crisis to blow up by reaching a deal with Mr Devi Lal, yesterday denied that he had made any bargain with his deputy. He said he had never been told that Mr Chautala was to be made the chief minister.

He said the party had now learnt to deal with such matters and a crisis would not be allowed to arise again. He was confident his government would last its five-year term, particularly as the Janata Dal had decided to increase contacts on all policies and issues with parties that supported it.

Burmah plans Soviet motor oil venture

A CONSORTIUM of Japanese and European companies plans to set up five plants in the Soviet Union to produce vehicle lubricating oils for sale there under Burmah Oil's Castrol brand name, writes Maurice Samuelson in London.

In return for the $300m-$400m investments, the Soviet Union will provide petrol and other oil products for the group to sell for hard currency.

The group, which plans to construct lubricating oil plants in existing oil complexes, comprises Marubeni of Japan, Burmah Deutschland – a subsidiary of Britain's Burmah oil company – and Thyssen Neste, a German-Finnish joint venture.

Burmah will provide technology and additives; Marubeni will arrange finance and construction,

Thyssen Neste will market the other Soviet products in the European market.

SA talks to resume

ANC deputy president Nelson Mandela and South African President F.W. de Klerk agreed yesterday to resume talks on August 6, Reuter reports from Cape Town.

Singapore looks south to its "triangle of growth"

Neighbouring Indonesian islands have land, labour and water to offer, reports Roger Matthews

A RECENT half-page colour advertisement in Singapore's Straits Times showed an artist's impression of substantial two-storey houses grouped together on the edge of a sandy bay set against a backdrop of lush vegetation, unspoiled countryside and the facilities of a country club. The houses were priced from $60,000.

For Singaporeans used to being asked up to 10 times that figure for similar property in less immediately attractive surroundings it must have seemed the bargain of the century. There was, of course, a snag. The houses were not in Singapore.

They will be in Waterfront City, half-an-hour south of Singapore by hydrofoil on Batam Island, one of the more than 13,500 islands which comprise Indonesia, the world's fifth most populous nation. Batam, together with neighbouring Bintan, form part of the Riau Islands and increasingly, Singapore hopes, its own future.

Mr Goh Chok Tong, who takes over as Prime Minister of Singapore in November, has coined the phrase "triangle of growth" to describe the benefits he believes can flow from closer economic co-operation between the Rian Islands, Singapore and the south Malaysian state of Johor.

Batam, Bintan and Johor have three of the resources which Singapore needs most: labour, land and water. In return Singapore is prepared to offer capital, infrastructure investment, management expertise and its sophisticated services sector to assist the development of its neighbours.

The picture Singapore paints looks attractive and has won at least verbal backing from President Suharto of Indonesia and Dr Mahathir Mohamad, Prime Minister of Malaysia.

Johor Baru, the city at the southern tip of Johor state which is linked by causeway to Singapore, has for some years benefited from the relocation of labour-intensive industry from Singapore. It is now one of the industrially most dynamic states in Malaysia and under its Chief Minister, Tan Sri Muhyiddin Yassin, has endorsed the idea of a "growth triangle."

Indonesia, with its vast geographical spread and fast-growing population of 175m, is at last embracing deregulation. Its economy should grow this year by around 7 per cent and the Singaporean proposal has the additional attraction of helping to diversify growth away from Java.

Singaporean officials are developing several strands to their arguments, all of which play to the strengths and needs of their two neighbours. Multinational companies are being encouraged to view Batam and Bintan as part of the Singaporean hinterland. Officials recall that as land and labour costs have escalated in Singapore, so companies have moved manufacturing facilities to Johor.

As a similar cycle evolves in southern Malaysia, so the Riau Islands are now being presented as a fresh source of cheap land and an assured supply of inexpensive labour. And in both cases the travelling time from Singapore is little more than 30 minutes, allowing executives to commute daily if required and enhancing the attractiveness of Singapore as a site for companies to establish their regional headquarters.

Changi airport and the port of Singapore – both models of efficiency and both adding new terminals – are at the distribution hub of the region's industrial and tourist development.

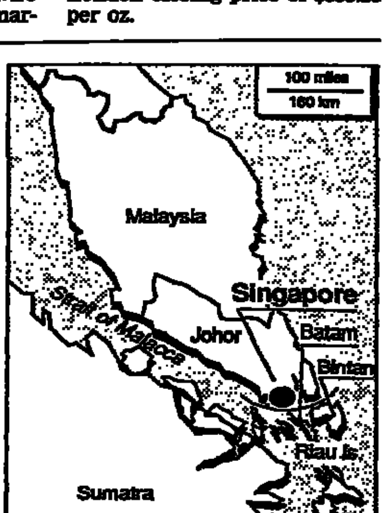
Mr Goh has suggested building a new terminal for ferries and cruise ships at Changi Point, close to the airport. Tourists may then step off their aircraft and within little more than 30 minutes be heading to any of the holiday destinations to be developed on the Riau Islands or the already established venues, such as Tioman off the east coast of Malaysia. "These islands can be the Caribbean of the East," said Mr Goh.

There is also a strategic imperative underlying Singapore's enthusiasm for helping its neighbours: water. The 1962 agreement with Malaysia for the supply of water to Singapore is, as Mr Goh has stressed, a sensitive, complex issue with wider political implications. So sensitive that he has asked Mr Lee Kuan Yew to continue handling negotiations even after he has stepped down as Prime Minister.

Mr Lee and Dr Mahathir initialled a memorandum of understanding more than a year ago covering the construction of dams in Malaysia needed to provide Singapore with additional water. However the final document has yet to be signed and with Johor itself developing rapidly there must obviously be a limit to the extent it can meet Singapore's growing water requirements.

The only alternative supply for Singapore is Indonesia and, more precisely, Sumatra. The Singapore Government has therefore suggested that it would be willing to pay for the construction of a pipeline of over 250 kilometres linking Sumatra with Batam, Bintan and Singapore. No figure has yet been been put on what would obviously be a substantial infrastructural project but Singapore's preparedness to bear most of the costs underlines its importance.

However, the enunciation of the "growth triangle" concept may turn out to be the easiest part for Singapore. Malaysia, given its ethnic and religious composition, is wary of the Singapore leadership. Indonesia, with its vast size and bureaucratic networks, needs time to translate policies into action. It can, for example, still take over an hour to be processed by customs and immigration on arrival at Batam from Singapore. Even so it is a far cry from the days of confrontation between the two countries only 25 years ago.



Quadrex drops part of its claim against B&C

PART OF the High Court action brought by British and Commonwealth Holdings, the financial services group which is now in the hands of an administrator, against Quadrex Holdings, Mr Gary Klesch's securities operation, was settled yesterday.

The case, which began in April and is expected to continue into October, centres on Quadrex's repudiation of its August 1987 agreement to buy money brokers MW Marshall and William Street from B&C for £280m. B&C is claiming damages for breach of contract.

In a letter between solicitors read to the court yesterday, Quadrex dropped its claim for rescission of the contract based on alleged breaches by B&C of two clauses in the agreement and "alleged mutual mistake" by the parties in entering into the agreement.

However, Quadrex's allegation that it entered into the agreement because of misrepresentation by B&C remains a live issue in the case.

Quadrex accepted that, unless Mr Justice Gatehouse declares that the agreement has been validly rescinded by Quadrex by reason of misrepresentation, B&C will be entitled to the relief it seeks in the action, although the amount of any damages payable will still be in issue.

B&C's counsel, Mr Anthony Grabiner QC, told the judge that Quadrex had abandoned all its claims and all its defences in relation to one part of the case.

The judge made an agreed order that Quadrex's claims against B&C for rescission and repudiation, plus damages, by reason of B&C's alleged breaches of part of the contract and mutual mistake, should be dismissed.

By agreement, the judge "struck out" Quadrex's defences to B&C's claims for a declaration that Quadrex had repudiated the agreement.

In the solicitor's letter, the agreed terms included a pledge by Quadrex that it would not make or pursue any claims against B&C or any of its present or former directors or employees in connection with the agreement, other than the issues still before the judge.

Quadrex had also sued MW Marshall, Mr Michael Knowles, its chairman and Mr Peter Bentley, a director. It agreed yesterday not to make or pursue any claims against MW Marshall, William Street Holdings, Mr Knowles and Mr Bentley arising out of the agreement.

Lord Irvine QC, for Quadrex, said it had made various allegations of misconduct against MW Marshall, Mr Knowles and Mr Bentley. It now accepted that these allegations – including allegations that they acted other than in good faith – were ill-founded. Accordingly, Quadrex "irrevocably and unconditionally" withdrew all such allegations.

The judge made an agreed order dismissing that part of the action. Quadrex is to pay MW Marshall, Mr Knowles and Mr Bentley an agreed £250,000 in respect of costs.

The hearing continues on Monday.

MIM reprimanded on water mail-shot

By Clare Pearson

THE Investment Management Regulatory Organisation is believed to have delivered a stern reprimand to MIM, the fund management group, over a mail-shot to shareholders in Thames Water.

Imro, the self-regulatory body for the investment management industry, is believed to have told MIM to write to Thames shareholders again, explaining points not made clear in the original marketing literature.

Imro's stance is expected to set a yardstick for standards of marketing literature distributed to private shareholders.

The affair focuses on a promotion for one of MIM's Personal Equity Plans (PEPs) sent to Thames shareholders on July 9, just ahead of the deadline for making the second payment instalment on the shares, sold in the Government's privatisation of the water industry last month.

MIM suggested that shareholders who were thinking about selling their shares, rather than paying the 70p "call," might choose to exchange them for an investment in one of its PEPs.

Thames said a number of its shareholders had been thrown into confusion by the promotion because they believed it must have come with the backing of the water company itself.

The company made a formal complaint to Imro earlier this week, saying it was acting on its shareholders' behalf.

In correspondence with Imro, Thames raised 10 points on which it believed that MIM's literature was "incomplete and potentially misleading."

It said it was concerned that the brochure made no mention of the fact that shareholders who sold their shares would forfeit the right to bonuses and discounts for which some would have been eligible.

Thames also took exception to MIM's reference to a "possible renationalisation on unfavourable terms" of the water industry.

MIM would not comment on its negotiations with Imro yesterday. It said it had received about 1,000 telephone calls from Thames shareholders interested in the share exchange scheme.

Poll tax dissidents denied entry to Torbay Court

ANTI-POLL tax demonstrators were denied entry to Torbay Magistrates' Court yesterday to hear the local authority's first non-payment prosecution.

Twenty people were scheduled to appear for non-payment of the £395 community charge, the highest in Devon and Cornwall, but none of the defendants appeared.

The magistrates issued liability orders against 15 in their absence, ranging from £257 to £415. Summonses against four others were not served and one had paid, the court heard.

The cases were heard in the smallest of the five magistrates' court rooms. Only two members of the public and three journalists were allowed in. Excluded demonstrators chanted outside.

Dealers stay cool as blast rocks exchange

Andrew Hugh Smith, Stock Exchange chairman, after viewing the damage caused by the bomb

By John Authers

AT 8.15 yesterday morning, a taped voice over the loudspeakers told Stock Exchange staff to evacuate the building.

Few took much notice, because fire drills are held each week. The message, repeated several times, was the same as always: "Fire, fire, fire. Evacuate the building immediately." Dealers continued preparing for the day's work but immediately after the taped warning, the voice of a security guard cut in: "This is not a test but a serious incident. Get out of the building."

The staff stayed unflappable throughout. Mr Joe Phillips, a London Traded Options Market (LTOM) dealer with three weeks' experience, said: "There wasn't any panic." After leaving through Old Broad Street door, staff kept moving, retreating to the Nat West Tower, which was not evacuated.

However, the warning did not reach everyone in the building. Ms Debbie Simpson, an LTOM trader with Citicorp, said she had been on the telephone. "I went into the dealing room and the whole place was deserted." She went to the back entrance, where "the police screamed at me to run".

Mr Tony Criss, an LTOM dealer from Essex, was within 100 yards of the building at 8.49, when the bomb exploded. He said: "It was like a massive slab falling on its side."

Smoke rose above the exchange and glass and heavy masonry showered on to the pavement by the Old Bond Street entrance. On a normal day, more than 500 people would have been on the dealing floor, most just below where the bomb went off.

Mr Criss heard a shout from a nearby policeman's radio: "One's gone off already. Get the people further back."

A group of labourers continued working on scaffolding on the Royal Exchange building across the road until a policeman shouted to them: "It's your life at stake."

Fears of further blasts proved unfounded. Instead, traders, still wearing the brightly coloured, deckchair-patterned jackets used to identify their companies on the trading floor, returned to the pavement outside the building on Throgmorton Street and looked with derisive interest at the crowds of sweating journalists and tourists.

The dealers, mostly East Londoners in their early twenties, scarcely seemed disconcerted by their brush with death. Used to pressure in the clamour of the dealing floor, few were interested in questions about the smooth police operation which had saved their lives.

Not everyone viewed the narrow escape from falling under a rain of shattered glass with equanimity. Mr David Gibbs, a trader, said he felt shocked. "I could have been where the bomb went off."

However, many of his colleagues preferred to tell journalists what they thought of their newspapers' coverage of their markets. They weren't all that interested in how they nearly lost their lives.

After returning to their offices, most traders were sent home. "Our options team is going boating on the Serpentine," said a salesman, happy to have the afternoon off.

The IRA's timetable of attacks since May

- July 6 – bomb in The Strand in central London exploded without causing injury. Second bomb, defused later in Regent Street, believed to be work of Animal Liberation Front.
- June 25 – time-bomb inside the Carlton Club, London, injured more than 20.
- June 21 – bomb exploded at RAF Stanmore Park, north-west London. No one hurt.
- June 12 – bomb damaged the former home of Lord McAlpine, ex-treasurer of the Conservative Party, in West Green, Hampshire.
- June 9 – bomb at the London headquarters of the Honourable Artillery Company injured students at a birthday party.
- June 1 – IRA shot dead an unarmed soldier and wounded two others at Lichfield station, Staffordshire.
- May 16 – car bomb killed an Army recruiting sergeant at Wembley, London.

Commander leads the battle against terror

By Jimmy Burns

COMMANDER George Churchill-Coleman, the 52-year-old head of Scotland Yard's anti-terrorist squad S013, is the most visible face of a complex organisation set up to try and defeat one of the world's most highly trained terrorist groups.

Other members of the security services involved in the campaign against the IRA, such as M15 and M16, have the privilege of anonymity but after yesterday's Stock Exchange bomb, as with so many terrorist attacks in the past, he was once again in front of the cameras, giving details of the bombing.

The abrupt, uncompromising way in which he delivers his bulletins suggests a man hardened by experience. In the words of an associate: "He is very determined. He has what he wants in life sorted out and intends to go out and get it."

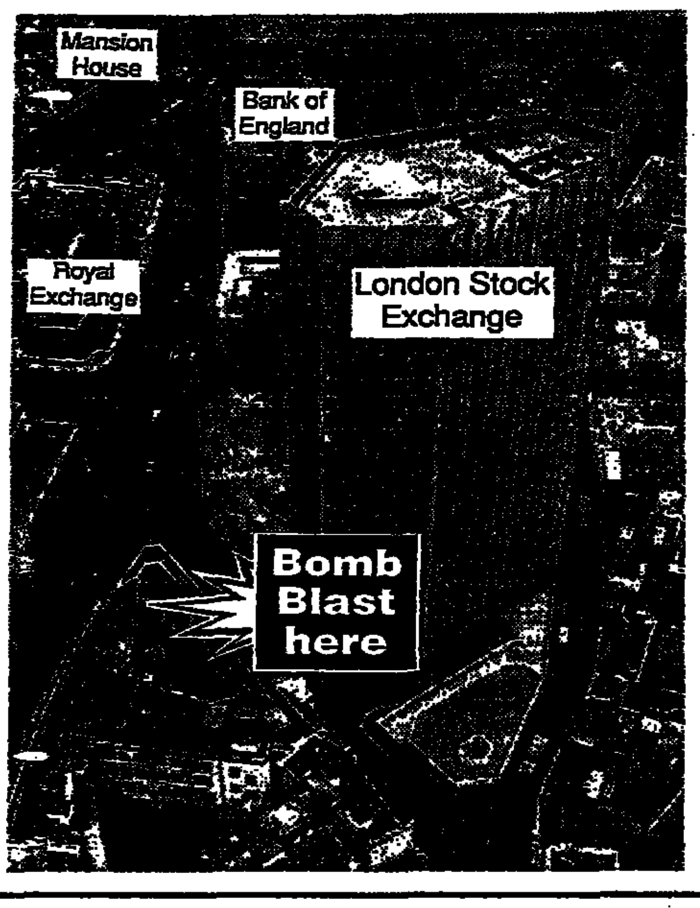
As a detective, he was involved in the fraud investigation of the Leeds architect Mr John Poulson and his subsequent prosecution for corruption.

In 1981, while serving as a detective superintendent with the Anti-terrorist Branch, he took part in the police operation at the Iranian Embassy siege in London and took responsibility for the subsequent investigation.

Soon after he was appointed to his present post, Commander Churchill-Coleman directed the operations that led to the arrest of Nezar Hindawi in April 1986 for the abortive attempt to place explosives on an El-Al airliner at Heathrow.

The battle against the IRA involves more than straight detective work: there is the battle for hearts and minds.

As a security expert put it: "In dealing with terrorism there is a technical job – and a political job – to be done. Most policemen can do one or the other. Churchill-Coleman has a good understanding of both."



Bomb had little effect on equity trading

By Terry Byland

THE BOMB explosion at the International Stock Exchange in London had little effect on trading in corporate bonds and equities but the closure of the London Traded Options Market (LTOM) provided extra discouragement for a stockmarket already unsure of itself.

In addition, some important Stock Exchange statistics are unavailable.

The pre-Big Bang trading floor is based on the ground floor of the modern, 26-storey Stock Exchange building in the heart of the City of London and effectively occupies three floors, including the visitors' gallery. The bomb exploded in toilets beside the gallery.

The whole building, including the trading floor area, was speedily evacuated yesterday morning after the bomb warnings. The securities market, now almost entirely electronically-based, traded without interruption.

The Stock Exchange, including the trading floor, is expected to be operating normally by Monday morning.

The absence of any lead from the LTOM market, which has been the sole "open outcry" occupant of the old Stock Exchange trading floor since the retreat of the securities traders, unsettled the underlying share and bond market. Trading in the stock futures market was unaffected.

The dislocation meant that prices for gilt-edged stocks were not available from the International Stock Exchange. As a result, Thursday's prices are repeated in the British Funds section of the London Share Service:

- The Fixed Interest section of the FT-Actuaries All-Share Index and the FT Government Securities Index could not be calculated for Friday July 20.
- Gilts prices used in the calculation of the FT Fixed Interest Index are those for Thursday July 19.
- Figures for total equity bargains, equity turnover by value and shares traded in the daily statistical panel (Page 13) were not available for Thursday July 19.
- Prices were not available from the London Traded Options Market.

Haringey to defy Patten on capping

By Richard Evans

A FULL-SCALE confrontation is in prospect between the Government and charge-capped local authorities following the decision yesterday by the London borough of Haringey to cut its poll tax by less than the amount demanded by Mr Chris Patten, the Environment Secretary.

Labour-controlled Haringey voted to defy Government instructions to reduce its community charge by £72 and to trim it by just over half that amount – £36.31. This will bring the charge down from £572.89, the highest in the country, to £536.58.

Other capped local authorities, including Calderdale in West Yorkshire and Wigan in Lancashire, are seeking legal advice before deciding whether to defy the Government and cut their poll tax by less than the required amount.

The Environment Department insists that under the law the full benefit of the capping cuts demanded by the Government must be passed on to residents in a lower community charge but some councils argue that the cap refers to the overall budget and not to the poll tax rate itself.

Haringey's decision means that the conflict between councils and the Government over poll tax implementation and the capping procedure is set to continue.

Mr Toby Harris, leader of Haringey, said fewer people than estimated were paying the poll tax – about 35 to 40 per cent – so only £36 could be knocked off the charge and not the £72 Mr Patten wanted.

He said losses on collection had led the council to estimate an ultimate collection rate of 90 per cent in place of the original 95 per cent. It was this figure that produced the new poll tax level of £536.58.

He said: "As a responsible council, we have a duty to balance our budget and ensure that the council does not go into deficit or simply postpone increases to next year.

"At the time of setting the original collection rate we were aware that capping would result in a lower collection rate. Had we known in advance that we were to be capped we would not have set a collection rate of 95 per cent."

The council had received legal opinion which supported the course of action it had taken and the district auditor had been consulted "and does not disagree with it."

Ferranti announces plans for 500 job losses

By Charles Leadbeater, Industrial Editor

FERRANTI INTERNATIONAL, the electronics group, yesterday announced plans for 500 redundancies as the first stage of a sweeping rationalisation of its activities after declaring a pre-tax loss of £161m for last year.

Most of the job losses will come from its plant in Cwmbran, South Wales, where there will be 200 redundancies, and from Manchester, where 150 jobs will go. A further 115 jobs will be lost at Bracknell and Portsmouth.

Mr Eugene Anderson, Ferranti's chairman unveiling the company's results on Thursday, said the worldwide workforce of 12,500 would be cut by a fifth over the next two years through rationalisation and disposals of businesses worth up to £90m. A sum of £20m has been set aside for redundancies this year. The company is planning about 500 redundancies in its US operations but said it had no immediate plans for further job losses in the UK.

Ferranti has been seeking to rationalise its business since the discovery last year of a £215m fraud at International Signal and Control, the US subsidiary that it acquired in 1987.

The rationalisation programme has been held up because the financial squeeze on the company has deprived it of the working capital it needed to fund a redundancy programme.

Although the job losses reflect the particular pressures Ferranti has been under they will confirm fears of a round of redundancies among UK defence contractors.

Earlier this week Rolls-Royce announced plans for 700 job losses in the wake of the cancellation by the Ministry of Defence of orders for the Tornado jet. Trade unions expect British Aerospace to declare redundancies at its Warton plant near Preston, which is heavily dependent on Tornado.

Meanwhile unions representing 3,500 workers at the Scottish plants that the General Electric Company bought from Ferranti earlier this year, yesterday called a strike ballot over GEC's plans for 550 compulsory redundancies.

At Ferranti 150 jobs will go from its advanced systems engineering, administration, training and corporate information technology departments in Manchester. Another 150 staff in Manchester will be offered jobs in nearby Oldham, to allow the company to consolidate its 30 UK manufacturing sites.

The 200 job losses among central services and engineering staff at Cwmbran will also facilitate concentration at Oldham, while the 115 jobs at Portsmouth and Bracknell will go from its strategic management systems division.

Solicitor stole from trust funds, court told

A SOLICITOR systematically stole more than £800,000 from clients' trust funds before fleeing to Switzerland, Knightsbridge Crown Court in London heard yesterday.

Mr Michael Worsley, QC, prosecuting, said Mr Andrew Bingham had returned secretly to Britain and, when police officers spotted him in Bath, had threatened them and sprayed CS gas in their faces.

He told the court that Mr Bingham had moved large sums of money through companies' bank accounts as part of a laundering operation. He had continued to steal money even after his firm, Theodore Goddard, of London, had brought in Touche Ross, the accountancy firm, to investigate the management of a trust fund.

Mr Bingham, who was struck off as a solicitor a year ago, pleaded guilty to 11 charges of stealing more than £586,000 from clients between 1984 and 1986.

He also admitted securing by deception the execution of a £225,000 money order from one of the trust funds. Four further charges of theft, one of dishonestly obtaining a passport and another of dishonestly obtaining £100 from a bank, which he denied, were not proceeded with.

Mr Worsley said only £178,000 of the funds had been recovered. He said Mr Bingham, formerly of Fairseat, Kent, was sued during 1986 and 1987 by clients seeking to recover their money.

An order had eventually been made against Mr Bingham to return more than £200,000. However, during the High Court proceedings Mr Bingham had fled to Switzerland where his family owned a flat. He had stayed there for 18 months before secretly returning to Britain where he had used false names to avoid arrest.

Mr Worsley said he had been spotted by police in Bath in June last year. When they had approached him, he had threatened them with a knife and sprayed CS gas in the faces of two officers. He had been pursued and arrested.

Mr Worsley said Mr Bingham had been in custody since his arrest, serving a nine-month sentence for offences relating to his arrest and a six-month sentence passed by a High Court judge for contempt of court relating to his fleeing to Switzerland.

Detective Inspector Patrick Connelly, attached to the Serious Fraud Squad, said extensive inquiries had shown that Mr Bingham had not "salted away" any money.

He said Mr Bingham had no assets. The family home was owned by his wife and Mr Bingham had also said that the flat in Switzerland was his wife's.

The hearing was adjourned until Monday.

Mr Max Mastings, Editor of the Daily Telegraph, who was yesterday also appointed to the position of Editor-in-Chief of the newspaper. He fills the position vacated last year by Mr Andrew Knight, who is now executive chairman of News International.

Maguire appeal hearing unlikely before October

THE APPEAL hearing into the 1976 convictions of the Maguire Seven for running an IRA bomb factory is unlikely to be heard before October, lawyers for the family said today.

Mr David Waddington, the Home Secretary, last week referred the Maguire case to the Court of Appeal for their convictions to be formally quashed after an interim report strongly criticised the scientific evidence on which they were convicted, the trial judge and the appeal judges.

The Maguire family solicitor, Mr Alistair Logan, said he had been told it was unlikely their case would get into the Appeal Court list before the end of the law term on July 31. The new term begins on October 1.

Mrs Annie Maguire and her husband, Paddy, were jailed for 14 years at their Old Bailey trial in 1976. Sentences of between four and 12 years were imposed on two of their sons, Patrick and Vincent, aged respectively 13 and 16 when arrested, Mrs Maguire's brother, Sean Smyth, her husband's brother-in-law, Guiseppe Conlon, and a former lodger, Patrick O'Neill.

All served their sentences except for Mr Conlon, who died in prison 10 years ago still protesting his innocence.

Mr Waddington made it clear last month, at the end of Sir John May's inquiry into the Maguire case, that their convictions were unsafe and could not be allowed to stand.

Mr Logan said the delay was due to logistical problems.

MacGregor overrules advisers

By Norma Cohen, Education Correspondent

MR John MacGregor, Education Secretary, has overruled his official advisers on the national curriculum in science and decided that schools may continue to offer separate instruction in chemistry, physics and biology if they wish.

However, students who choose to do so will be required to take all three and not one or two as has previously been the case.

In March, the Government's advisers, the Skills Examination and Assessment Council, told Mr MacGregor that it was impossible for schools to offer instruction in the individual sciences of physics, chemistry and biology and still meet the attainment targets set out in the national curriculum.

This is because some of the material required for the National Curriculum, particularly in the subject of earth science, falls into none of these three categories. Instead, the council urged that schools offer either single or double-award sciences, with both curricula including elements of all sciences.

In a letter sent yesterday to the council, Mr MacGregor asked that ways of adapting the study of individual science to the national curriculum be considered.

The decision is a blow to educational traditionalists, such as the influential Headmasters Conference of private school heads, which has lobbied hard to maintain the teaching of individual science subjects familiar to most parents.

Among other reasons for his decision, Mr MacGregor said that some independent schools might have refrained from voluntarily adopting the national curriculum simply because the option of teaching individual sciences was no longer open to them.

However, it was roundly criticised by the heads of state-maintained secondary schools and the Association for Science Education (ASE).

The organisations fear that the availability of instruction in separate sciences may cause the so-called double science curriculum, to be followed by most pupils, to become less prestigious.

Mr Edwyn James, chairman of ASE, said: "It is regrettable that the possibility of unequal esteem exists." He added that it was unclear how universities would view applications from those who had studied the combined science curriculum.

UK NEWS

Sunday trading judgment causes legal confusion

By Robert Rice, Legal Correspondent

THE CONFUSION surrounding the Sunday trading laws increased yesterday when Shrewsbury Crown Court overturned convictions against B&Q, the do-it-yourself chain, for trading illegally on a Sunday, contrary to the 1950 Shops Act.

The decision by Judge Peter Northcote, a Crown Court judge, came just two days after Mr Justice Hoffman ruled in the High Court that the law banning Sunday trading was quite clear and the 1950 legislation did not contravene free trade principles of European Community law.

Judge Northcote said yesterday that he had received and read a copy of Mr Justice Hoffman's decision but had nevertheless decided that the 1950 Shops Act could not be enforced because in his opinion it did contravene European legislation.

The law was "unclear, seldom observed and out of date with present-day mores and could find little or no support from members of the public," he said.

His decision caused some controversy in legal circles because under the English system of precedent High Court decisions are binding on all lower courts.

Counsel for B&Q said it was not clear that the judge was bound to follow the decision of Mr Justice Hoffman because the decision of a High Court judge in a civil action did not necessarily bind a criminal judge in the Crown Court.

However, Mr Paul Diamond, a barrister and legal adviser to the Keep Sunday Special Campaign, said the Shrewsbury decision made no difference to the state of the law. He did not think they would bother to appeal.

Mr Justice Hoffman's decision was binding on all lower courts, he said, and as far as they were concerned unless, and until, it was overturned by the House of Lords it was the law.

A B&Q spokesman said: "How are retailers and customers expected to know what the law is when the courts themselves aren't sure? The Government can no longer expect retailers and the legal system to sort out this mess. The Government should now act in accordance with its responsibilities."

Lord Jenkins attacks short-termism in City

By John Mason

A FUNDAMENTAL reappraisal of the relationship between institutional investors and industry is needed to tackle City short-termism, Lord Jenkins of Hillhead, the leader of the Liberal Democrats in the Lords, said yesterday.

Speaking in the annual Lords debate on the Finance Bill, the former Labour Chancellor blamed growing weaknesses in the British economy on the short-term pursuit of profits dictated by investors.

"It stems from the disintegration of any stable relationship between industry and finance," he argued.

Lord Jenkins said even strong managements were now vulnerable to corporate raiders looking for companies whose share price did not reflect their break-up value.

Being too far-sighted and putting too much money into research and development put them at risk, he said.

In contrast with Japanese industrial companies, British firms were more concerned with defending themselves against possible takeover bids than steadily increasing their share of world markets.

He was supported by Lord Varley, former Labour Trade Secretary, who said investment rarely took place now unless a return could be made within three or four years.

Study into Mersey barrage will cost £3m

By Ian Hamilton Fazey, Northern Correspondent

THE GOVERNMENT has deferred a decision on licensing the proposed barrage across the River Mersey as a non-fossil fuel source of electricity while more feasibility studies are carried out.

Yesterday, the Government announced £3m for the feasibility study. It is to share the costs with a group of five civil engineering contractors – Tarmac, Costain, NEI, Trafalgar House and the Dutch firm HBW – on a 50-50 basis.

The

Mr Tony Baldry, the junior energy minister, yesterday emphasised that the move was an important step towards making the barrage a reality. Mr Peter Morrison, the energy minister, is to chair an inter-ministerial group – involving the Departments of Employment, Trade and Industry, Transport, Social Security, Agriculture and the Treasury – to assess its economic and social impact.

The barrage project would dam the Mersey between Liverpool and the Wirral, forcing the river through turbines to generate enough electricity to meet three-quarters of Liverpool's needs. The licence would help raise money from the private sector for the £880m venture, since it would guarantee a market. Privatised electric supply companies will be forced to buy 20 per cent of their supplies from non-fossil fuel sources.

The inter-ministerial committee represents an about-turn. The Government has always insisted that the project should stand or fall on its financial viability. Wider benefits are, however, expected because the barrage would reduce periodic flooding, boosting land values.

ICI and Shell, which depend on the shipping traffic, and Manchester Ship Canal and the shipping industry have yet to be persuaded to support the project. A further £12m will then be needed to get a Parliamentary Bill ready for late next year. If fundraising is successful, construction would start in 1995, with the first electricity generated in 1999.

Brakes applied to bus company takeovers

Richard Tomkins on the reverberations of one of Ridley's last decisions at the DTI

MR NICHOLAS Ridley's penultimate announcement as Trade and Industry Secretary may have lacked the drama of his resignation, but in the bus industry at least, its implications are reverberating strongly.

The announcement, made the day the furore broke out last week over Mr Ridley's interview in The Spectator magazine, was that he proposed unwinding the takeover of a local bus operator in Portsmouth, Hampshire, by Stagecoach Holdings, of Perth.

The move was significant not just in marking the Government's first attempt to reverse a bus industry takeover, but because it signalled Mr Ridley's apparent hostility to the concentration of ownership that has begun to emerge since deregulation.

The 1985 Transport Act was intended to herald a new era for bus services outside London. Years of close control over route licences were swept away in favour of a system that allowed anyone to run a bus service provided it was safe.

At the same time the state-owned National Bus Company, which then operated most of the non-municipal services in England and Wales, was split into 72 companies to prevent a public monopoly turning into a private one. Municipal services were ordered to run as companies without public subsidies.

The idea was to create a competitive environment in which passengers would benefit from better services and lower fares. However, in spite of a few instances of intense rivalry on busy urban routes, particularly in Glasgow, the response has been disappointing.

Tony Andrews

All aboard: it is down to Peter Lilley to decide on the destination for bus company mergers

Generally, the National Bus Company subsidiaries have remained within their old boundaries, rarely invading each other's territories, and most metropolitan areas are still dominated by passenger transport executives set up by the former metropolitan authorities.

Where competition has emerged, it has usually come from tiny new entrants to the industry such as local coach operators. Many of these eke out a living not so much by competing head-on with the bigger companies but by operating the odd niche route or tendering for socially necessary services.

Self-preservation is the reason true competition has so rarely emerged. Squeezed between high interest rates and a declining market, many bus operators, particularly the smaller ones, are hard pressed to finance the replacement of their ageing assets, still less to embark on a trade war.

So where expansion has taken place, it has been through acquisition, not competition, with three groups in particular leading the field: Stagecoach Holdings; Badgerline Holdings, of Weston-super-Mare, Avon; and Drawlane Transport Group, of Salisbury, Wiltshire.

Between them, these three have bought more than 25 companies and have attracted the attention of the Office of Fair Trading over the way some acquisitions have been geographically concentrated.

Stagecoach, Badgerline and Drawlane believe they are part of an inevitable trend towards oligopoly in the bus industry. Mr Adam Mills, Drawlane's chief executive, said the idea of having lots of different coloured buses competing with each other on every route was never really a starter.

He added: "If you're making 7 per cent or 8 per cent on turnover and someone else comes along and knocks it down to 4 per cent, he's not making any money and nor are you. In practice, it's very difficult for two competitors to meet head on."

The three groups argue that there is nothing anti-competitive about an oligopoly because neighbouring companies and the niche operators are always waiting to pounce if a bus company falls down on the job.

Until last week, the Monopolies and Mergers Commission (MMC) and the Government appeared to have cautiously accepted this. Although takeovers had been referred to the commission, none had resulted in the blocking or unwinding of a merger. However, Mr Ridley's proposal to unwind Stagecoach's takeover of Portsmouth Citybus has confused the industry, particularly because it goes against an MMC report recommending that the merger should be allowed, with conditions.

Bus operators believe the explanation lies in Mr Ridley's role as Transport Secretary from 1983 to 1986, when he was the architect of the bus industry deregulation. His proposal, they say, represents an idealist clinging to his dream of a perfect competitive environment.

Over the next few weeks it will be down to Mr Peter Lilley, Mr Ridley's successor, to clear the confusion. How he does so could prove to be one of the most significant stages of the bus industry's post-deregulation development.

Ports group plans to reopen dock in Hull

By Richard Tomkins, Transport Correspondent

ASSOCIATED BRITISH Ports yesterday announced it was to reopen the 190-acre Alexandra Dock in Hull, Humberside, next year after eight years of disuse.

The move represents a rare and possibly unique example in recent history of a significant British dock re-opening for its original purpose.

At one time Hull had 13 docks but the closure of Alexandra Dock in 1982 left it with only the King George and Queen Elizabeth complex. ABP blamed Alexandra's closure on restrictive practices. It said its high operating costs had meant it could not compete with private wharves along the Trent and Humber rivers.

The abolition of the National Dock Labour Scheme last July, however, swept away traditional demarcation lines and paved the way for big productivity improvements in Britain's larger ports.

Mr Stuart Bradley, ABP's managing director, said that the ending of the scheme had transformed the Port of Hull's commercial prospects. He now saw it taking business back from the upstream wharves and benefiting from an expansion of trade between the UK and the continental mainland with the introduction of the Single European Market.

Dredging work costing £1.5m has already begun on the approaches to the dock.

ABP also announced that it was to hive off its stevedoring operations in Hull to independent operators later this year. One of these will be a new company formed by three former ABP managers.

The group has written to its 250 dock workers inviting them to apply for voluntary severence from ABP by the end of August. Some are expected to seek jobs with the independent companies which will see an increase in their business because of ABP's withdrawal.

Director wins fight over bail

CUSTOMS AND Excise lawyers yesterday failed in the High Court to stop Mr Ali Ashour Daghir, a businessman, being allowed bail while awaiting committal for alleged involvement in the attempted unlawful export of nuclear warhead triggers to Iraq.

Mr Daghir, managing director of Euromac (London), was recently granted £1m bail by Judge Bathurst-Norman at Isleworth Crown Court.

EMPLOYMENT

After one controversy is defused, another erupts

John Gapper considers new action against the NUM president after he survived the Lightman inquiry

MR Arthur Scargill is now at risk over his handling of funds donated during the 1984-85 pit strike because of a separate issue to the one which prompted the thorough and damaging inquiry by Mr Gavin Lightman QC.

Legal action started simultaneously in three capitals by the National Union of Mineworkers is concentrated on more than £2m which Mr Lightman says still sits in unadudited accounts to which Mr Scargill, the NUM president, has "unrestricted access."

In contrast, the controversy over whether Mr Scargill and Mr Peter Heathfield, the union's secretary, used funds from Libya to pay loans and mortgages has been largely defused by Mr Lightman.

The issue to be decided by courts in London, Dublin and Vienna is whether the NUM is the true owner of funds and interest payments stemming from a £1.4m donation thought to have been made by Soviet and east European miners.

Mr Scargill's future as president of the NUM will be heavily affected by the decision. Beyond that, the viability of the International Miners' Organisation in Paris may depend on whether it can retain control of these funds.

Mr Lightman points out that a "very, very substantial part" of the money now controlled by the IMO – in spite of it having more than 6m affiliated members – originally came from the donations made during the 1984-85 strike.

The IMO was formed in 1985 out of the Miners Trade Union International. The MTUI was part of the Communist-controlled World Federation of Trade Unions – rival to the International Confederation of Free Trade Unions.

Arthur Scargill: prevented from moving any funds

Between February and December 1985, the £1.4m went from an MTUI account at the Narodny Bank Polsky in Warsaw to an MTUI and then IMO account at the Irish Intercontinental Bank in Dublin - later known as the Mireds fund.

This was supplemented with £580,608 from a strike fund operated by Mr Scargill, known as the Miners Action Committee Fund trust. The dispute is over the control of these funds.

Although the Mireds fund in Dublin still holds a substantial part of these funds, some were transferred to other IMO-controlled accounts in Vienna.

Mr Lightman estimates that about £1.65m remains in the Dublin and Vienna accounts. Mr Scargill has said separately that £1.8m remains, including interest, in spite of withdrawals of £1.05m.

There are two views of who should own these funds:

- The IMO: Mr Scargill is backed by Mr Alain Simon, general secretary of the IMO and before that of the MTUI, in the view that the Soviet and east European funds were intended for international miners, not just British ones.

Mr Scargill says the NUM has written confirmation from East German unions that their donation was for international miners. There is not such confirmation from the Soviet Coal Employees Union (CEU).

In a speech to a Soviet Miners' Congress in Moscow in March, Mr Scargill said that when the strike ended the NUM decided in talks with the MTUI that the money would go to an MTUI special fund.

However, he has also attached importance to an interview given by Mr Vladimir Louniov, president of the CEU, in which Mr Louniov said the CEU did not make the $1m (£552,248) donation which was sent from the Soviet Union to the account in Warsaw.

- The NUM: Mr Lightman says he believes all monies in the Mireds fund were intended for the benefit of the NUM rather than the IMO. The NUM therefore has a claim to all the money and interest accrued.

That view has received some backing from Mr Mikhail Srebny, former president of the CEU, who says that a $1m donation was made by the CEU and was intended solely for the benefit of British miners.

When Mr Vic Allen, a professor at Leeds University, visited the Soviet Union, East Germany and Hungary to raise strike funds, he gave the number of the MTUI account and said money was needed to maintain the union's fabric.

Scargill says he is 'a little sad' that a writ was served

By John Gapper, Labour Editor

A WRIT was yesterday served on Mr Arthur Scargill, president of the National Union of Mineworkers, ordering him not to move about £1.8m held in accounts in Dublin and Vienna until a judgment is made on whether the NUM owns the money.

Another was served on Mr Peter Heathfield, NUM secretary, following court action in London, Dublin and Vienna. The NUM national executive decided on Thursday to sue to two men for the return of the money.

Mr Scargill said at the NUM's headquarters in Sheffield that he was "a little sad" that a writ had been served. He said a phone call would have prevented money being moved.

The decision by the NUM executive followed legal advice given to its 14 members that they could become liable to separate actions for breach of trust if they did not act immediately to stop money being moved from the accounts.

The action comes after an inquiry by Mr Gavin Lightman QC into the handling of funds donated during the 1984-85 miners strike. Mr Lightman said he believed £1.4m donated from the Soviet Union and east Europe belonged to the NUM.

The money went to accounts controlled by the Paris-based International Miners Organisation on the grounds that it was also intended for international miners. This is now being disputed by the NUM.

Mr Alain Simon, general secretary of the IMO, said in an interview on Independent Television News that money had been clearly intended for international purposes and "nothing" of a $1m (£552, 248) donation from the Soviet Union was sent for the NUM.

The writs against Mr Scargill, Mr Heathfield, Mr Simon and Mr Norman West, a Labour Member of the European Parliament who is a signatory of accounts controlled by the IMO, instruct them not to move funds from various accounts.

ICI workers to ballot on strike action

By Michael Smith, Labour Correspondent

MANUAL WORKERS at Imperial Chemical Industries will start voting next week on whether they want to strike over the company's pay and conditions offer.

Union leaders are making no recommendation. However, Mr Fred Higgs, an official of the TGWU general workers' union, said yesterday that he and his colleagues would be telling their members' that there was no further room for negotiation.

"The company has said it will not improve the offer," he said. If ICI workers are serious about a higher offer they will have to be prepared to strike. Mr Higgs said that union leaders will also stress that a vote against a strike will be deemed as acceptance of the offer.

ICI's package would raise basic rates by 9.8 per cent and give the 24,000 manual workers the chance of an extra five day's holiday.

Although the offer was recommended by union negotiators, it was this week rejected in workplace votes by a ratio of seven to five.

The ballot will close on August 24. The voting period is longer than usual because of the holiday period. The count is expected on August 29.

Trade unionists demonstrating at Tilbury yesterday on the day an industrial tribunal, hearing the case of sacked shop stewards, became the longest running in British history. It has lasted 85 days. Mr Ron Todd, general secretary of the TGWU general workers' union, opened an extended union office "as an unambiguous sign that we intend to stay in the port of London." The union wants 17 sacked stewards and two other dockers to be reinstated and is seeking restoration of negotiating rights withdrawn from it last year.

Blair challenges the Government over EC Social Charter

MR TONY BLAIR, Labour's Employment spokesman, yesterday called upon Mr Michael Howard, the Employment Secretary to retract allegations concerning the effect of proposed EC directives on working time and part-time working, writes Lisa Wood.

Mr Blair, who has just returned from talks with the EEC Commission in Brussels, accused the Government of sustained misinformation and occasionally "downright fabrication" about the impact of the European Social Charter.

Mr Blair said the Government had claimed that commission proposals on working time would ban night shifts of over eight hours, disrupting agreements such as that of management and the AEU at Ingersoll-Rand and the Rover deal for seven-day working.

Mr Blair said that the proposal was for not more than an average of eight hours per night to be worked in a two week period which would not outlaw agreements at either Austin Rover or Ingersoll-Rand. Such arrangements are also exempt because they are collective agreements.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Weekend July 21/July 22 1990

Adam Smith on empires

THE bicentenary of the death of Adam Smith was appropriately marked by the surrender of the world's greatest military empire to the world's most successful exporter of manufactures. Mr Helmut Kohl has obtained the concessions on Germany's Nato membership that he wanted; Mr Mikhail Gorbachev has obtained promises of assistance that will only help his country if he first changes its policies to those recommended by Adam Smith.

"Though empires, like all the other works of men, have all hitherto proved mortal," Smith wrote, "yet every empire aims at immortality." They aim in vain. The Soviet empire joins the other edifices of erstwhile European supremacy – the Portuguese, Spanish, Dutch, French and British empires – in the dustbin of history. But this is good, not merely for the world, but for the people of the Soviet Union.

Empires are, Adam Smith insisted, not worth their upkeep. Of the British empire he wrote that "to found a great empire for the sole purpose of raising up a people of customers, may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers; but extremely fit for a nation whose government is influenced by shopkeepers. Such statesmen, and such statesmen only, are capable of fancying that they will find some advantage in employing the blood and treasure of their fellow-citizens, to found and maintain such an empire."

Grant the colonies independence, he argued. "Great Britain would not only be immediately freed from the whole annual expense of the peace establishment of the colonies, but might settle with them such a treaty of commerce as would effectually secure to her a free trade, more advantageous to the great body of the people, though less so to the merchants, than the monopoly which she at present enjoys."

Twin errors

So Adam Smith would show little surprise that – forcibly freed from those catastrophic twin errors, the Greater East Asian Co-Prosperity Sphere and *Lebensraum* – Japan and West Germany have achieved both wealth and the influence that accompanies it. The decline of the Soviet Union would be no surprise either, since its vast resources have been squandered on an autarkic empire, based on force and managed by bilateral barter.

Japan and West Germany are not the only examples of the economic success that trade can bring resource-poor economies. The performances of Hong Kong, Singapore, South Korea and Taiwan are still more remarkable. In the early 1950s these economies were little more economically advanced than China. By 1988, Hong Kong's income per head was 28 times as high as that of China (and a mere 30 per cent below that of the UK), while its gross merchandise exports were – like those of Taiwan and Korea – equal to those of India and China combined.

'Great engines'

Unfortunately, though autarkic empires may be discredited, the fallacies that motivated their creation live on. There is still "the encouragement of exportation and the discouragement of importation," which "are the two great engines by which the mercantile system proposes to enrich every country." Moreover, the aim of "an advantageous balance of trade" still sways the hearts of legislators.

Thus the world's greatest capitalist power, the US, engages its strength in the foolish aim of remedying its bilateral deficit with Japan; both the European Community and the US seek preferential trading advantages against one another; and at the international trade negotiations that will resume in Geneva on Monday each country will fight, as usual, to impose costly protection on its own people.

This, too, is not new. "Consumption is the sole end and purpose of all production ... But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption as the ultimate end and object of all industry and commerce." Much may have changed in the past two centuries, but self-interest still counts both in economics and politics.

Self-interest, Adam Smith recognised, lies behind the desire of those in power to strut upon the world stage, however diminished their country's circumstances. He deplored this tendency in his country's leaders. "It is surely time," goes the concluding sentence of the Wealth of Nations, "that Great Britain should free herself from the expense of defending [the British empire] ... and endeavour to accommodate her future views and designs to the real mediocrity of her circumstances." This advice is particularly timely today. Nothing would better become this anniversary, and the collapse of the Soviet empire, than a sharp cut in the UK's excessive spending on defence.

The drug trial of Mayor Marion Barry has exposed a prosecution system straining at the seams, writes **Lionel Barber**

A test case for American justice

Flanked by four bow-tied bodyguards, the Rev Louis Farrakhan of the Nation of Islam might easily have stepped out of The Bonfire of the Vanities, Tom Wolfe's vicious satire of life and crime in New York.

But this is a steamy summer evening in Washington DC, and Mr Farrakhan is addressing an enthusiastic, predominantly black rally about the plight of Mayor Marion Barry, the city's black mayor on trial for perjury and drugs possession.

"There is no better example of crucifixion in the modern era than Marion Barry," says Mr Farrakhan, who likes to advertise himself as The Voice of Truth in a Time of Trouble.

Race dominates discussion of the Barry trial, though usually in misleading ways. There are other more legitimate questions raised by the case relating to the operation of the US criminal justice system; how it deals with controversial political leaders such as the mayor; and, above all, how it handles the country's pervasive drug problem.

Federal prosecutors had been investigating Mr Barry for at least five years, mainly on suspicion of drug use and city contract corruption. At times, they displayed a zeal reminiscent of Mr Robert Kennedy's pursuit, while Attorney-General, of Mr Jimmy Hoffa, the notorious Teamster union boss with links to organised crime.

Finally, last January, in a move which may yet come back to haunt them, the authorities approved an elaborate undercover operation. One of the mayor's girlfriends, a church organist's daughter, one-time model and self-confessed drug addict by the name of Ms Rasheeda Moore, was flown into town from Los Angeles to entice Mr Barry into smoking crack cocaine. The whole incident was captured, in graphic detail, on hidden FBI cameras.

In a city where 70 per cent of the population is black, it was always going to be difficult for prosecutors to prevent the Barry trial from turning into a test case for colour-blind justice. But did the feds overstep the mark? Were the methods used – the promise of crack cocaine and sex for the mayor plus federal witness protection for Ms Moore – acceptable? Or was this a case of entrapment where the victim was induced against his will to commit a crime?

The War on Drugs may be highly popular but it is clogging the courts, the prisons and the entire criminal justice apparatus

"These are extraordinary events which would normally constitute an abuse," says Mr Gerald Caplan, professor of law at George Washington University in DC. "But given the opportunity for blackmail and the mayor's position as a role model and chief law enforcement officer, they were justified."

Mr Gerald Goldstein, a prominent San Antonio-based defence attorney who specialises in drug cases, disagrees: "Do we have so so little faith that we have to test people all the time?" he says. "How base do you want to make law enforcement?"

In the face of rising crime rates – particularly in the categories of violent drug-related offences – most Americans would respond these days that it is necessary to stoop to conquer.

In 1988, for example, one killing occurred every 25 minutes in the US, a rate 50 per cent higher than during the heaviest fighting in the Vietnam War. Almost half the homicides were linked to firearms, the bane of big cities such as Detroit, Los Angeles, New York and Washington DC, which all have chillingly high murder rates.

The political reaction, at state and federal level, has been to crack down hard. Anti-crime bills have become an election-year ritual on Capitol Hill. In 1982, 1984, 1986, 1988 and 1990 lawmakers have sought to prove they are not soft on crime. The only break in the pattern came in 1989 when the Democrats, the majority party in Congress – mindful of the mauling on law and order which President Bush handed out to Mr Michael Dukakis – passed an anti-drug measure with increased narcotics spending and new minimum mandatory sentences.

Harsher criminal statutes and tougher sentencing guidelines have produced an explosion in the prison population. At the end of 1987, 3.4m men and women were under some form of correctional supervision – roughly equivalent to one in 50 of the adult US population. That amounts to a 40 per cent increase since 1983. In the first six months of 1988, the federal and state prison population was growing at a rate which required 900 prison beds to be built every week.

Prison overcrowding, already chronic, is certain to get worse. Under new federal sentencing guidelines which took effect in 1987, certain categories of crimes now attract prison terms. White-collar criminals who might once have escaped with a fine can now expect a short, sharp but definite period of incarceration. The same applies to drug traffickers, in double dosage.

Over the next few years, "the effect will be to add between 6 and 10 per cent to the federal prison population," says Mr Paul Martin, a spokesman for the US Sentencing Commission, "and that does not include the impact of the recent mandatory minimum sentences passed by Congress or the increased number of prosecutions and convictions, particularly for drug-related crimes."

Even more disturbing, the numbers of offenders on parole or probation have risen in the 1980s at more than double the rate of the prison population. In the public mind this creates a revolving door where people are arrested, spend too little time in jail and are then released to commit further crimes.

Many are drug offenders, casualties of a War on Drugs which may be highly popular but which is clogging the courts, the prisons and the entire criminal justice apparatus. The result is an even greater contradiction between a system which, in its ideal form, considers each case on its merit but which in reality is geared to "mass production."

The evidence lies in the proliferation of "plea bargaining" under which the prosecution negotiates a guilty plea in return for a reduced sentence. An astonishing 90 per cent or more federal cases are settled in this manner, eliminating the trial process and leading to what Mr Goldstein describes as a "meat market."

Plea bargaining also leads to elaborate efforts to circumvent the very sentencing guidelines which Congress and other legislative bodies have introduced in response to public agitation about crime. In some cases, there are reports of prosecutors withholding information from judges so as to avoid pressing charges for crimes which fall within the guidelines. In others, defence attorneys find themselves facing a clear conflict of interest in pushing a settlement before trial.

Faith in the system: Mayor Marion Barry, wiping his face at a press conference, has said that he only needs 'one vote' to be acquitted

Mr Goldstein offers a concrete example. Under tough new forfeiture laws, a drug suspect faces seizure of the bulk of his assets as well as a prison term. This in turn threatens to reduce his ability to pay for his own defence. "Whether you keep your fees may depend on whether your client makes a deal with the prosecution," says Mr Goldstein.

The official response is to argue that drug suspects often have access to fortunes, and that defence attorneys have made a killing in recent years, fighting indefensible cases in court. But there is still room for concern.

The War on Drugs, after all, does by definition imply a degree of lawlessness on the part of the authorities. Perhaps this should not come as a surprise in a country where the Wild West is still glorified. Reports that the US Drug Enforcement Administration paid bounty money to abduct a Mexican doctor implicated in the torture-murder of a DEA agent have yet to be laid to rest.

At home, the war is being pursued with such fervour that Mr Caplan, himself a former prosecutor, worries about its effect on constitutional rights, notably the Fourth Amendment prohibiting "unreasonable search and seizure." In recent cases, the Supreme Court has concluded that police helicopter surveillance at 400ft above a private house was not a search; that someone who fenced in his property with "No Trespassing" signs lacks a reasonable expectation of privacy; and that police should be allowed to detain travellers at airports who happen to match the hazy, abstract profile of suspected "drug courier."

Occasionally someone strikes a blow against the prevailing trend. When the Supreme Court upheld the constitutionality of drug testing for US Customs agents, Justice Antonin Scalia, who is usually cast as a conservative, retorted by quoting former Justice Louis Brandeis: "The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well meaning but without understanding."

It has suited Mayor Barry and his supporters to argue that they too are victims of prosecutorial zeal, in this case Mr Jay Stephens, the white Republican attorney in Washington DC. Some black leaders have even gone so far recently as to claim that there is a pattern of official harassment of elected black politicians at the expense of more serious crimes by wealthy, well-connected whites.

Yet these allegations seem far too conspiratorial. Successive administrations going back at least to Mr John F. Kennedy have sought to use the Justice Department (which appoints and supervises US attorneys around the country) to attack elected officials from the opposition party and, more often, their financial contributors. The aim, says Mr William Chambliss, a well-known Washington-based criminologist, is to break up concentrations of rival political power, particularly in the big cities.

Blacks seem to be the focus these days, but this is only because white flight to the suburbs has left them in control of the main cities. Thus, Mayor Barry has ruled Washington for 12 years; Mayor Coleman Young has ruled Detroit for 16 years; and Mayor Tom Bradley has ruled Los Angeles for 17 years. It is no disrespect to Mayor Barry to describe him as an old-style machine politician, with all the power and temptations for abuse which go with the job.

The decision to prosecute is undoubtedly controversial, but a plea bargain would have been even more so. Many critics of the mayor – and the number is growing – have expressed relief that no behind-the-scenes deal was struck whereby some of the 13 felony and misdemeanour counts were dropped in exchange, say, for the mayor stepping down from office. Instead, the mayor has insisted on his right to trial, with all its concomitant privileges.

These begin with the ability to shape a jury. Mr Barry hired a team of "jury selection consultants" who peppered 250 randomly chosen DC residents with questions about their knowledge of the case, their professions, their politics and their religion. Such pre-trial vetting far exceeds a defendant's rights in Britain.

During the trial, Mr Barry can insist on his right to silence under the Fifth Amendment against self-incrimination; he can still at this late stage offer to plea bargain with the prosecution (though in the light of the damning evidence of drug use, his leverage would seem to be considerably diminished); and he can still rest secure in the knowledge that the prosecution needs a unanimous verdict to get a conviction. Unlike in Britain, a majority verdict simply will not do.

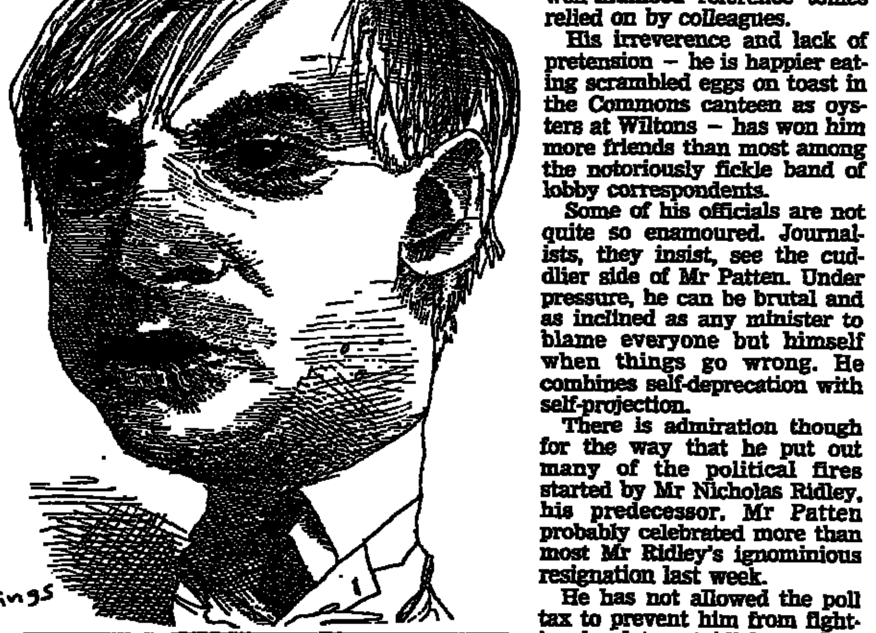
This has caused the mayor to muse aloud that he only needs "one vote" to secure acquittal. It may be a slim hope; but it demonstrates a certain faith in the system – which ought to be reassuring to citizens both white and black, including the Rev Farrakhan.

MAN IN THE NEWS

Chris Patten

Mr Poll Tax looks forward to being Mr Green

By Philip Stephens



It has not taken long for Mr Chris Patten to learn how cruel life can be in Mrs Margaret Thatcher's Cabinet.

By common consent, the 46-year old Environment Secretary is one of the brightest men in the Conservative Party. His promotion a year ago to the top table of British politics has ensured that his name figures prominently in any list of future successors to Mrs Thatcher.

It is an ambition that, unlike some of his competitors, he freely admits, but one which he insists is not so overweening that it "gnaws away at my vitals".

As he unveiled this week the latest £3bn sticking-plaster the Government is applying to the self-inflicted wound of the poll tax, something else was uppermost in his mind.

"What I most want at the moment is to go away on holiday," he insisted with sufficient conviction and visible exhaustion to persuade even the most sceptical interviewer.

It has been a turbulent and illusion-shattering year for Mr Patten: one that began with a enthusiastic if naïve pledge to "set the environmental agenda for the rest of this century", but has seen him engulfed for much of it in salvaging something from the wreckage of the community charge.

The standard-bearer of the One-Nation Toryism that Mrs Thatcher has done so much to eclipse, he has learnt that the Cabinet seat he so eagerly sought had been sprinkled liberally with nails.

Mr Patten is Mr Poll Tax – the front line apologist for a new system of local taxation that his natural Tory allies think is as unfair as it is politically suicidal.

It is a cruelly ironic mantle inherited by a minister whose liberal inclinations and indiscretions long delayed his entry into Cabinet.

His views on economics have been dried in the Thatcherite wringer since the early 1980s, when he published a series of elegant critiques of the naïve monetarism of the Government's first term.

Those attacks cost him years in the ministerial backwaters of junior posts at the Northern Ireland Office, at Sir Keith Joseph's Education Department and, as his rehabilitation progressed, at the Ministry of Overseas Development.

Mr Patten's broader political outlook has not changed so much. A politician whose career began as a protégé of Mr Edward Heath, he believes that the essential role of Conservatives now is to offer "everyone a place at our table".

His view that the Government must retain its moral authority by recognising the plight of the poor, by providing decent education and by focusing on the role of the community as well as the individual carries conviction.

He is astute enough, however, to play down the contrast with his Prime Minister.

Asked this week if it were not time for the Government to swap Thatcherite radicalism for caring Conservatism, he was eloquently oblique.

"I don't necessarily accept that there is the paradox which you imply." But: "I certainly don't think we can produce a manifesto that is all about the 1980s. We have got to have a manifesto that sets out a positive agenda for the 1990s."

Friends from his dissident past sometimes argue that such deft fudges – apparent above all in his defence of the poll tax – are those of a man who has sacrificed principle to ambition. It is a charge he denies, but one that clearly causes him some discomfort.

"Any career, not just in politics, involves adjustment and accommodation. And provided that you don't completely turn your principles upside down, I don't think adjustment through life should be treated with that sort of purist derision."

What is not in doubt is that the poll tax has dogged his 12 months as Secretary of State at one of the most far-ranging departments in Whitehall. It has sapped the energy he has been able to devote to what he regards as the infinitely more important task of "greening" British politics.

It is one also that in private has revived many of his old frictions with the Prime Minister. According to colleagues, a series of bruising encounters with Mrs Thatcher during the poll tax review left him sufficiently depressed to wonder whether it was worth it.

This week he was hoping that he had done enough to staunch the bleeding. A significantly more realistic financial deal for local authorities and another panoply of rebates and exemptions for poll tax payers looked like a credible damage-limitation exercise.

If his defence of the poll tax as a fairer system than domestic rates did little credit to his intellect, he could argue that he had scraped off a few more of its rougher edges.

His personality has helped him to safeguard his own political reputation. In the cultural desert of Westminster, it is refreshing to find a politician who scatters his speeches with literary allusions drawn from memory rather than from the well-thumbed reference tomes relied on by colleagues.

His irreverence and lack of pretension – he is happier eating scrambled eggs on toast in the Commons canteen as oysters at Wiltons – has won him more friends than most among the notoriously fickle band of lobby correspondents.

Some of his officials are not quite so enamoured. Journalists, they insist, see the cuddlier side of Mr Patten. Under pressure, he can be brutal and as inclined as any minister to blame everyone but himself when things go wrong. He combines self-deprecation with self-projection.

There is admiration though for the way that he put out many of the political fires started by Mr Nicholas Ridley, his predecessor. Mr Patten probably celebrated more than most Mr Ridley's ignominious resignation last week.

He has not allowed the poll tax to prevent him from fighting hard to establish a coherent Government strategy on the environment.

Mrs Thatcher's conversion to greenery and his friendship with Mr John Major, the Chancellor, has not been enough to assure him victory in the many Whitehall skrimishes that has involved.

The environment White Paper which he will publish in September may be stronger in good intentions than in substance. The political realities of higher petrol or energy prices have not escaped Mrs Thatcher.

Mr Patten's rhetoric too has changed, though he insists that the project has been worth it. "I think it is an extremely important first step but I concede that it is only a first step. Having taken it, however, I don't think anything will be quite the same again."

He might, as he did in a recent speech, have added a quotation from Edmund Burke, his favourite Tory: "No man made a greater mistake if he did nothing because he could only do a little."

The race heats up

Alice Rawsthorn on how the leading runners are performing in an increasingly competitive international sportswear market

The sports shops in inner London have invented new names for the shoes they sell. There is the "one window," the "two window" and the "three window." A shoe is a "one window" if the local kids smash the shop windows once to steal it. If the windows are smashed twice it is a "two window," and so on.

The broken glass outside the sports shops of Brixton and Bethnal Green is one of the least troubling legacies of the current craze for sportswear. In the US kids have been mugged, and even murdered, for no apparent reason other than that the killer had coveted the victim's sports shoes.

Sportswear is now an extraordinarily buoyant market. Sales of tracksuits and trainers rose rapidly in the 1980s and seem set for further growth in the early 1990s. But behind this buoyant façade the *$15bn (£8bn) international* sportswear industry is in a state of flux.

Ten days ago Mr Bernard Tapie, the Marseilles millionaire, struck a deal to buy Adidas, the largest West German sportswear company. Pentland Industries, the UK consumer goods group, is trying to sell its stake in Reebok, the US sports shoe company. Puma, the arch-rival of Adidas, recently changed hands for the second time in less than a year when Cosa Liebermann, the Hong Kong trading house, sold part of its holding to Swedish sporting goods group Aritmos.

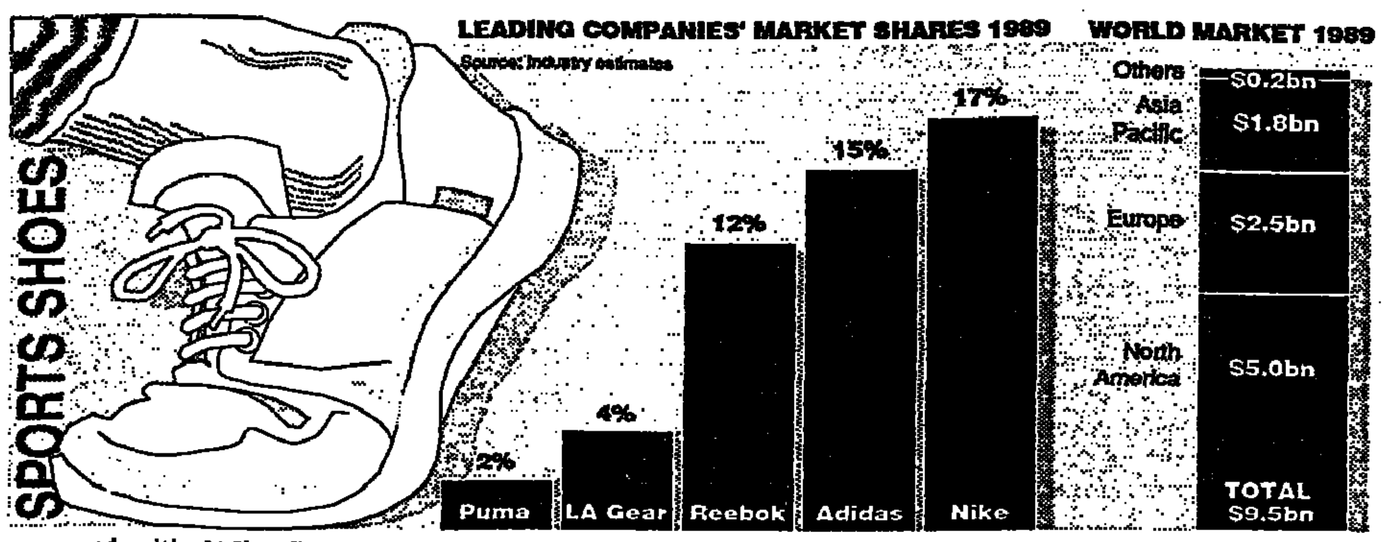
These deals have taken place at a time when the industry is becoming increasingly competitive. The US market is maturing and the US companies, Nike and Reebok, are searching for growth in other countries. Their Japanese competitors, Acsis Tiger and Mizuno, are also more ambitious overseas.

Before the 1980s the sportswear industry was dominated by the West Germans – Adidas and Puma – and a string of specialist companies, such as Speedo in swimwear. Sportswear was then a sober affair. Sports shoes came in simple styles. Tracksuits were things for sweating in.

Everything changed in the 1980s. The fitness fad stimulated interest in serious sports. A new breed of US companies developed special products for *nouveau* sports like aerobics and jogging. Reebok owes its early success to the Freestyle aerobics boot. Nike started when a University of Oregon running coach invented a new running shoe with a cushioned sole made with a waffle iron.

Tracksuits and trainers are now everyday clothing. The kids in the US inner cities have turned $100 high performance sports shoes into totems of street culture. They can tell at a glance where another kid lives, or which gang they belong to, from the style of their shoes and even how they tie the laces.

The sports shoe market is now worth more than $9bn,



compared with $4.5bn five years ago. The market for sports clothing is more diffuse and more difficult to measure, but Mr Gary Jacobson, an analyst at Kidder Peabody in New York, suspects it has grown at a similar rate to about $6bn.

The new companies have gained ground at the expense of the old. Reebok is now a $2bn corporation from a standing start in early 1980s. LA Gear, a Los Angeles company with no pretensions to serious sport, has built a $300m business by selling candy-coloured sneakers to Beverly Hills bimbettes. Nike is the biggest of all. Last year it ousted Adidas as the biggest single force in sportswear.

All the companies – old and new – are operating in an increasingly complex environment. One problem is that the market is so unpredictable. This problem is most acute in sports shoes where 80 per cent of all sales come from the 'fashion' sector.

The trends in this sector are set by the teenagers in the inner cities and then spread to the suburbs. It is notoriously difficult for middle-aged marketing managers to predict what sort of shoes these teenagers will want to buy. This can create severe sourcing and stock control problems for companies, like Nike and Reebok, which source their products in far-flung areas of Asia. Nike now deletes most of its product range every six months to eliminate stock problems.

Most companies try to keep abreast of trends through inner city discussion groups, though their attempts to 'manipulate' the inner-city market have been far from successful. Puma once launched a fur-covered sneaker called 'The Beast' which, or so it thought, was ideal for urban teenagers. The teenagers thought differently and 'The Beast' flopped.

Another problem is that the market is so volatile. An imaginative advertising campaign, or innovative new product, can produce huge increases in sales. Marketing and research budgets have soared. Nike will spend $135m on advertising worldwide this year. One of its US campaigns featuring Bo Jackson, the US baseball and football star, boosted its cross-trainer sales by 50 per cent. Reebok invested $20m over two years in the development of The Pump, its $175 inflatable basketball boot.

The industry also spends heavily on celebrity endorsement. Nike has signed Michael Jordan, the basketball star, and Spike Lee, the film maker, as well as Bo Jackson. LA Gear is paying $12m to sign Michael Jackson, the pop star, for five years. It can cost as much as $500,000 to place a tiny logo on the shirt sleeve of a top tennis player.

As a result the cost of competing in the industry is rising rapidly. This is already posing problems for some of the smaller companies. LA Gear cited rising advertising costs as one of the chief contributors to its poor performance in the second quarter.

These problems are aggravated by the slowdown in the US market, which enjoyed double digit growth throughout the 1980s, but now seems set for more modest growth. Ms Heidi Steinberg, a sportswear analyst at Salomon Brothers in New York, says there is already evidence of price sensitivity among consumers.

The US companies have responded by boosting exports. Nike has been buying up its European distributors in recent years. Early next year it will launch its first global product, the 180 Air running shoe. Reebok is also taking control of its overseas distribution and sourcing. Similarly Acsis Tiger, the Japanese group which is already a niche player in US running shoes, is expanding in Europe.

All in all the industry seems set to become yet more competitive in the 1990s. This will make it even more difficult for Mr Tapie to turn round Adidas and for Aritmos to get to grips with Puma.

But the chief challenge for the whole industry is that, eventually, tracksuits and trainers could go out of fashion and teenagers in inner London will not bother to smash shop windows to steal "three window" sports shoes any more.

Judy Dempsey on exiled eastern European monarchs considering a return to their former kingdoms

Crowned by curiosity

As the twilight of the Soviet empire fades into darkness, several distinguished but somewhat eccentric individuals living in the west are thinking about revisiting the Empire. Not the old Russian one. But parts of the Austro-Hungarian empire which was swept off the map after 1918.

This bizarre group of individuals carved out their lives four decades after their parents had been forced to flee eastern Europe. And in spite of their widely different professions, they have one thing in common: they are the heirs to the thrones of eastern Europe.

And what a group they make up. They include King Michael of Romania, a former market gardener who now lives in Switzerland, King Simeon of Bulgaria who runs his own office for the Bulgarian diaspora in Spain, Archduke Otto von Habsburg of Austria-Hungary, a member of the European Parliament who lives in West Germany, Prince Karl von Schwarzenberg, a hotel manager, forester and human rights campaigner in Vienna and the unforgettable King Leka of Albania, an arms dealer working out of South Africa.

The supporters of monarchy yearn for them to claim their birthright now that the communist "kings" have been overthrown. But only some of the sons wish to don the monarchical robes worn by their fathers. After all, their ancestors were not exemplary rulers.

Indeed, King Carol of Romania, Michael's father, had just two claims to fame. One was his imposition between 1939 and 1940 of the Royal dictatorship which banned all political parties. The other one was his affair with Magda Lupescu, his life-long mistress.

Michael appeared twice on the throne – when he was five years old, and then from 1944 to 1947. But like most of the other royal families, he was forced to abdicate and flee into exile. The overthrow of the Ceausescu regime last December opened an opportunity for his return.

"I would be disposed to return simply as an arbitrator, to help the various parties reach a national understanding that would restore the human rights so barbarously trampled underfoot by Ceausescu," he said in February.

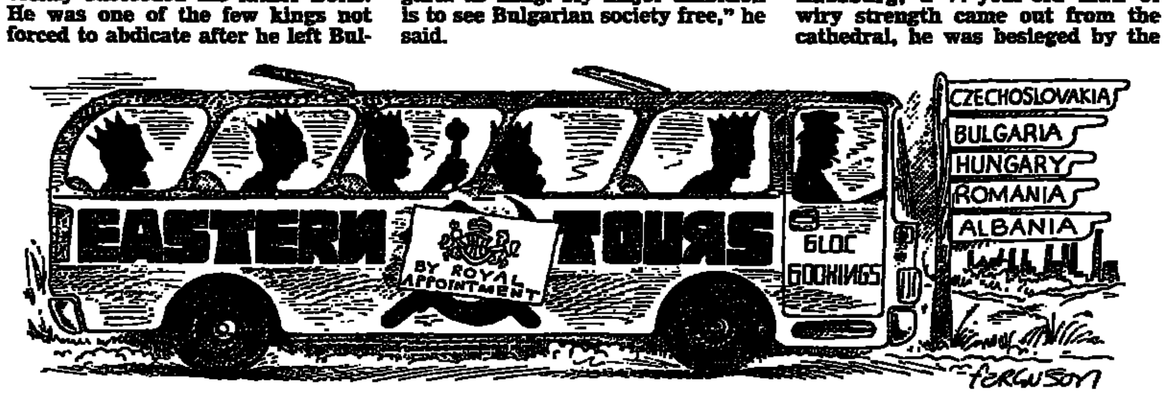
The chance never came. The ruling National Salvation Front which was catapulted into power in December warned the King before his scheduled visit to Romania in April that they could not guarantee his safety.

King Simeon of Bulgaria takes the changes sweeping across his country in his customary stride.

When he was six, in 1943, he briefly succeeded his father Boris. He was one of the few kings not forced to abdicate after he left Bulgaria in 1946. Yet for all that, he retains mixed feelings about going back, in spite of having his Bulgarian citizenship returned to him earlier this year.

"It's very nice not having to apply for a visa. But I cannot judge my chances of returning to Bulgaria as King. My major ambition is to see Bulgarian society free," he said.

Dreams of royalty returning to its roots was in the minds of elderly women who in April 1989, gathered outside a Budapest cathedral. Inside, relations were paying their last respects to Zita, Hungary's last queen who had died in exile at the age of 96. When her son, Otto von Habsburg, a 77-year-old man of wiry strength came out from the cathedral, he was besieged by the crowds. Old women tried to kiss his hand. They shouted out: "Kiraly" (king), and "Csaszar" (emperor).



Touched but undaunted by invitations to return to Hungary and run for president, von Habsburg has a different view of his role in post communist Hungary.

"I can do far more in the European Community for the return of Hungary into the community of free peoples," he says.

Prince Karl Johannes von Schwarzenberg takes a similarly sanguine view. In the days when communists ruled Czechoslovakia, you always knew when the Prince was at home in Vienna. His Porsche would be parked outside his hotel which bears his name. There, as chairman of the International Helsinki Federation for Human Rights, he would work like a beaver, criticising the dismal human rights records of Messrs Jakes, Zhivkov, Ceausescu and Honecker.

Today, the Prince, finally allowed to return to Bohemia, regularly speeds up to Prague where the Schwarzenbergs had lived since the 11th century. Prague was the seat of the family's vast tracts of land before they were confiscated by the communists after 1948. The Prince is not too bothered. His sole wish is that the seeds of democracy take root in Czechoslovakia. "It's up to them (Civic Forum) and not up to me if they think I can do anything," he says.

King Leka thinks otherwise. He has no doubts about his goal in life: the liberation of Albania. Leka conjures up all the images of a rogue. He is the son of King Zog who was ousted by Mussolini following Italy's occupation of Albania in 1939. Leka proclaimed himself King at the Hotel Bristol in Paris in 1961, spent some time at Sandhurst and was expelled from Spain in 1979 after it was revealed that he maintained a personal arsenal. Since January, he has been rushing around the world, meeting the small Albanian diaspora.

"I have a job to do and that is to go back to my people. And I intend to do just that," he said.

But Leka's determination to return as King leaves him in a minority among the other reluctant heir apparents. Over the past 40 years, these royal families have themselves become part of the past of eastern Europe, and where their members are playing a role it is as ordinary members of an elite.

LETTERS

Germany is bound to dominate Europe

From Mr Patrick Robertson.

John Wyles ("Europeans wonder at dim UK view across the Channel," July 19) draws attention to the commonly held view on the Continent that "Britain still does not fully understand the political purposes of the European Community or the real threat from the direction of a reunited Germany."

Does anyone know what the political purposes of the EC are? One of the more sensible points Michael Heseltine makes about the Community is that it is governed by hard-nosed national interest. A minority of naïve internationalists may choose to believe differently but we should safely assume that every country is getting enough out of the EC to justify membership.

Which is precisely why we should be very wary of entering into more centralised political structures in the hope that we can somehow stitch Germany into a constitutional strait-jacket. The history of nearly all federations shows that the strongest member dominates the weaker ones, by alliances, bribery and, if necessary, bullying. None of this implies that Germany has any sinister intentions, it just happens to be a fact of life.

There is no evidence to suggest that Germany has any intention of slowing down the road to EC political union. Other European countries are wrong: as a province of a federation or as an independent state, Germany is bound to dominate Europe. The best we can hope for is the legal, sovereign right to say no to those things that we really do not like.

Patrick Robertson,
Secretary,
The Bruges Group,
Whitehall Court,
Westminster, SW1

A case for CGT on the land value of property

From Mr Bernard Miller.

Sir, With reference to a number of recent articles on housing by John Plender, Anatole Kaletsky and Lex and the various letters on the subject, may I draw attention to some other factors which contribute to high housing costs, inflation and lending.

Home costs are land plus buildings. The proportion for a century has been roughly 10 per cent land and 90 per cent bricks and mortar but is now frequently 50-50 due to a boom in land values.

Mortgages for a century were based on one earner on a basis of two-and-a-half to three times salary which equates to 25 per cent of gross annual income. So in the past a family would live on the 75 per cent remaining, including payment of taxes.

There are now over 50 per cent of mortgages granted on two incomes, enabling first-time buyers to enter the property market. Larger mortgages are required due to the increase in the actual price of land.

Room sizes in homes have been reduced because of the cost of land and development. What happened to the recommendations of the Homes for Today and Tomorrow inquiry of 1960-61.

Homes are used as security and evidence of stability when applications are made for loans for business, personal loans and credit cards. In other words, loans against homes are used as much for business as for consumer items such as extensions, boats etc.

A capital gains tax on the land value of a property would alert the seller as to the wisdom of trying to get an unrealistic price for his building and land. After all, a home owner knows from his buildings insurance that if disaster strikes and he has to rebuild his home, it would not amount to the selling price of the property.

Alternatively, the building societies and banks could exert their influence as guardians of our money and thrift by not lending where the cost of the land is more than 10 per cent of the price of the property.

Bernard Miller,
16 Balcombe Gardens,
Horley, Surrey

Government delay welcomed

From Ms Su Sayer.

Sir, Reports that the Government will stagger the implementation of the community care aspects of the National Health Service and Care in the Community Bill are viewed positively by this charity, United Response.

This will slow down the unseemly rush that there has been to bring people from hospital into the community in order to access the residential care allowance. It will enable people to be moved into the community with proper assessments and the correct level of support, provided, of course, that even without ring-fencing there is adequate funding.

Some authorities are already well advanced in their preparations for the implementation of the Bill and we would welcome the introduction of a pilot scheme in one of these areas in order to highlight (and, it is to be hoped, resolve) any problems that might emerge.

Su Sayer,
Chief Executive,
United Response,
Kew Bridge House
Kew Bridge Road,
Brentwood, Middlesex

Sleeping partners

From Mr L. Reich.

Sir, How nice to see a prospectus (River & Mercantile, July 16) which has reverted to the original practice of giving the home addresses of at least some of the directors.

The otherwise rather fatuous custom of listing all directors as residing at the registered office only makes one picture them sleeping at their desks.

L. Reich,
Senior Partner,
Countrywide Amalgamations,
Premier House,
22 Deansgate,
Manchester

Planning procedures at Herstmonceux Castle

From Mr John Stockdale.

Sir, The proposed development of Herstmonceux Castle, Sussex, reported by Michael Hanson ("Estate doubles its asking price, July 14) is of considerable interest. The castle with its formal gardens is a site of local, regional and national importance.

The scale of development proposed can be measured by the appreciation in presumed value of the property. Without any development permission, the estate would perhaps have been worth some £4m. It sold in 1988 for £8.1m with the assistance of some informal indications from the district council planning committee. It is now being offered on at £18m-£20m with a further informal indication on planning billed by James Developments as the significant added value (though they omit from the sales package another letter from the planners which has to be read with it and which severely limits the extended approval). Yet at no time has there been any proper local consultation.

Strong local resistance which is at last emerging has been held off until now by the owners' promise of a meeting to present their plans to all interested local people (which has never taken place) and by not applying for planning permission which would trigger a formal reaction.

I find it impossible to see how a 60-bedroom extension can be added to any moated castle without compromising the site, however well it is designed. But how proper is it for planners to give informal advice confidentially and for developers to use it selectively to indicate a massive increase in value? It leaves a nasty taste in the mouth and it is one more reason why this country needs a freedom of information Act and a great deal more openness in its administration.

John Stockdale,
The Old School House,
Windmill Hill,
Herstmonceux, Sussex

For better financial discipline

From Mr D.E.F. Green.

Sir, I wonder whether the following suggestion might contribute to better discipline in financial affairs and make for timely and effective audit: introduction of a rule that all institutions that hold and/or manage securities belonging to others should make public an address to which requests for confirmation of holdings should be sent, such address to be under the control of the external auditor.

The making public could be achieved if the rule were to require that a note giving the address should be appended to any prospectus or advertisement for investors and to any report to investors or shareholders.

At present the external auditor has no independent means of knowing what his client has made himself responsible for as manager, custodian or investor of other people's assets.

If my suggestion were adopted the external auditor would not deal with the requests himself but would take copies of them (all or a test sample) and forward them to his client.

It would be necessary for the timely working of such a rule that the external auditor should make, say, two interim visits a year, perhaps on a surprise basis, as well as at the usual year-end audit.

D.E.F. Green,
Pilgrims Way,
West Street,
Mayfield, Sussex

A Morris dance down memory lane

From Mr Maurice Brookes.

Sir, Nicholas Odoni's letter on the Morris Minor (July 14) brought memories flooding back, not of the models he referred to, but of the original Morris Minors of the 1930s.

The first of these in my experience was a 1930 box-shaped saloon, reminiscent of the Wolseley Hornet. My pride and joy, however, was a 1934 open two-seater, the most delightful car I have ever owned.

As a young engineer in Liverpool I recall driving into North Wales, swimming in one of the lakes there and returning home with my bathing towel trailing in the slip stream!

Alas, the days when driving was enjoyable are long gone.

Maurice Brookes,
6 Foxleigh Drive,
Wem,
Shrewsbury, Shropshire

UK COMPANY NEWS

Trans World and Yorks Radio in merger talks

By Clay Harris, Consumer Industries Editor

TRANS WORLD Communications and Yorkshire Radio Network said yesterday they were in merger discussions which could create Britain's largest commercial radio company.

Trans World, which also runs the Miss World beauty contest, operates Piccadilly Radio in Manchester, Red Rose Radio in Preston, Radio Aire in Leeds and Red Dragon Radio in Cardiff. Yorkshire owns stations in Sheffield, Bradford and Hull.

Ms Jane Anscombe, a Barclays de Zoete Wedd analyst, said she believed a merger of the two companies would be allowed under the independent Broadcasting Authority's new more flexible points system on concentration of ownership which has been accepted by the Home Office.

A Trans World-Yorkshire combination would have a larger potential audience than London-based Capital Radio, at present Britain's largest independent radio company. The enlarged group would achieve economies of scale in programming and other costs and could offer more attractive advertising terms.

A profit warning by Yorkshire in April, after a decline in advertising revenue in the six months to March 31, helped topuncture the share price balloon of the radio sector. Yorkshire was more confident about the future, however, when it reported the interim setback in June.

Owen Oyston – acquisitive ambitions in the sector

With a market capitalisation of £25.8m, Trans World is valued at more than twice the £12.4m of the Yorkshire company. Its chief executive, Mr Owen Oyston, has made no secret of his acquisitive ambitions in the sector, and a merger would likely take the form of an offer by Transworld. The allocation of management roles is less clear.

Trans World shares closed 15p lower at 235p, while Yorkshire added 15p to 131p.

● Capital Radio may take a minority stake in Century Communications, owner of Ireland's only nationally licensed independent station. Mr Richard Hurst, director of business development, said Capital was likely initially to invest about £1.5m in return for a stake of "20-ish" per cent.

Capital would also contribute management expertise to the Irish station, which had turnover of £1.5m in its first nine months of broadcasting, but made an unspecified loss. Century stands to benefit from a proposed cap on the advertising which RTE, the state-owned radio station, can accept.

Lonrho to pay £94m for stake in German retailer

By Andrew Bolger in London and Andrew Fisher in Frankfurt

LONRHO, the international trading conglomerate headed by Mr Tiny Rowland, is to pay DM 281m (£94m) for a 10 per cent stake in Asko, the West German retailing group.

Asko is one the largest wholesale and retail operators in Germany, with more than 400 major outlets. It will receive 8.5m newly issued shares in Lonrho and will be given the balance of DM215m in cash on August 9.

Lonrho has also sold its 100 per cent holding in PJH Group, a Manchester-based chain of plumbing and electrical appliance factors, for £67.5m in cash to an undisclosed buyer.

PJH is one of the largest distributors of kitchens and bathrooms in the UK, supplying more than 2.5m pieces in a year from branches throughout the UK. It had net assets of £9.4m at September 30 last year and made profits of £4.5m on turnover of £70m.

Mr Paul Spicer, a Lonrho director, said the Asko stake was the latest in a series of investments by Lonrho in Germany. As well as intending to take advantage of opportunities for the expansion of European markets, Lonrho was keen to become involved in the development of East Germany and the rest of Eastern Europe.

Mr Spicer hoped that the links with Asko and the German group's other trading partners would also generate business for Lonrho's German-based associates Krupp Lonrho, which has a fleet of ships, and Kuehne & Nagel, the freight and forwarding group.

Asko, whose ebullient, showy chief executive, Mr Helmut Wagner, steps down at the end of this year, is a company whose structure and strategy has often been hard to follow.

Last summer, it annoyed Ahold, the Dutch retailer, by acquiring a minority stake without informing the company, with which it was holding talks on European co-operation. These also involved Argyll of the UK and Casino of France. It resolved the dispute this month by selling the 13.1 per cent holding to a banking consortium for placement with other investors.

In the meantime, it has been turning its attention more towards East Germany, where it sees good prospects for its low-priced food, clothing, furniture, and do-it-yourself stores. Asko's current shareholders include the Metro cash-and-carry concern with 10 per cent and Berliner Bank (through the Begoha holding company), also with 10 per cent.

A new dimension was added to its ownership with the recent news that a Kuwaiti businessman, Mr Yussif Sulaiman ak-Sabah, had joined the supervisory board. Asko, however, refused to confirm that Kuwait had acquired a stake.

For 1990, Asko said it was optimistic about profits after a first half sales increase of 12 per cent. Last year, net profit fell by 23.5 per cent to DM91m, partly because of the allocation of some extraordinary gains to reserves.

See Lex

It is controlled by Mr James Stafford, a county Wexford businessman, and Mr Oliver Barry, a leading entertainment promoter. Minority shareholders include Mr Terry Wogan, the chat show host, with 5 per cent, and Mr Chris de Burgh, the pop singer, with 2.5 per cent.

US thrift offshoot pushes Heron to net losses of £145m

By Nigel Clark

HERON INTERNATIONAL, the UK private company controlled by Mr Gerald Ronson, reported a loss for the year to March 31 of £145.3m after taking an extraordinary loss of £193.2m on its failed US savings and loan subsidiary.

The property, housebuilding and garage company passed control of the Arizona-based Pima Savings to Office or Thrift Supervision. Economic conditions in the state continued to deteriorate and with the increasingly onerous capital requirements introduced by new legislation led Heron to decide to withdraw it support.

The loss made up the greater part of a total extraordinary charge, net of tax of £187.1m (£59.6m). Mr Alan Goldman, deputy chief executive, said he hoped that no further charge would have to be met.

The company is also facing a problem in the US concerning defaults on mortgages which has resulted in foreclosure proceedings being begun by Heron. Almost all the defaulters have sought protection under Chapter 11 and have begun litigation against Heron.

However the company said in its annual report that it did not expect to have to make provision against the matter.

Pre-tax profit for the period was 11 per cent higher at £65.2m (£59m) after a higher net interest charge of £59.8m (£38.9m) resulting, said Mr Goldman, from higher borrowings for developments and higher interest rates. The company was aiming to cut the charge this year.

Operating profits showed the increasing importance of the property, the contribution of which increased from £40.4m to £101.6m. Mr Goldman was quick to point out that most of the increase was on the continent.

The contribution from commercial activities fell from £31.1m to £19.8m.

Turnover was £842.9m (£739.5m), of which property contributed £347.4m (£107.9m) with £490.4m (£513.6p) from commercial activities.

The comparative figures have been restated to take account of changes in accounting policies.

Powell Duffryn expansion

By Ronald van de Krol in Amsterdam

POWELL DUFFRYN, the engineering and construction materials group, and Pakhoed Holding of the Netherlands, the chemical storage group, are planning to set up a worldwide joint venture for the distribution of chemicals.

Rotterdam-based Pakhoed will supply the expertise in chemical logistics, while Powell Duffryn will transfer all nine of its bulk liquid storage terminals in the UK, the US and Australia to the 50/50 joint venture.

The total storage capacity of these terminals is 1.2m cubic metres, bolstering Pakhoed's position as the market leader. The Dutch company already has chemical storage capacity throughout the world of some 2.5m cubic metres.

"The consideration receivable by Powell Duffryn from Pakhoed, to equalise the contributions being made by both parties to the venture, represents a small premium over the relevant group investment of £20m and reflects the longer-term potential for significant development in the market areas covered," Powell Duffryn said.

Powell Duffryn added that the transaction, plus the divestment of its coal distribution interests, would substantially lower its gearing. Earnings dilution would be negligible, a company statement said.

Of the nine Powell Duffryn storage terminals, three are in the UK - in Purfleet, Essex, Ipswich and Barry, south Wales. Two of the terminals are located in Savannah, Georgia, with the rest in New York, Chicago, Melbourne and Sydney.

Mr Hans den Ouden, a director of Pakhoed, said that Powell Duffryn's US terminals would complement Pakhoed's facilities there, enabling the partners to achieve national coverage.

Selective Assets

Over the six months to June 30 net asset value at Selective Assets Trust fell 8.9 per cent to 135.8p.

In the half year ended June 30 the trust's earnings rose from 0.3p to 0.58p per share. Income totalled £1.33m (£923,000).

Yale and Valor pays £6m for Diamond H Controls

By Clay Harris, Consumer Industries Editor

YALE AND VALOR, the security and household products group, has paid £6.2m for Diamond H Controls, a designer and manufacturer of controls and energy regulators for home appliances.

Diamond H, based in Norwich next to Yale's Heatrae Sadia factory, was sold by Oak Industries, a US electronics company. The disposal on Friday completed Oak's withdrawal from Europe.

After the deal was announced, Mr Niall Fitzpatrick, an independent merger and acquisitions consultant, said his firm, N.C. Fitzpatrick and Associates, had offered more than £8m for Diamond H on behalf of a management buy-in team.

However, Ms Madeleine Alatas of Invesco-MIM, the fund management group which handled the sale for Oak, said Mr Fitzpatrick's offer included deferred payments and other unacceptable conditions.

"The bids were all evaluated on the same basis," she said. "There is a lot of value in getting a clean sale."

She said the tender process as outlined to interested parties was "followed to the letter." Invesco-MIM is a shareholder in Oak, which is in the process of changing its business focus.

Mr John Roberts, managing director of Consort Equipment, a private manufacturer of electric heating appliances, would have become managing director of Diamond H under the buy-in plan. He said he did not believe the offer had been properly considered.

CE Heath in talks to buy Abaco Investments

By Andrew Bolger

CE Heath, the Lloyds insurance broker and underwriter, said last night that it was in detailed talks to acquire Abaco Investments, a subsidiary of British and Commonwealth group, the financial services group which collapsed last month.

Heath is interested in Abaco's UK retail and wholesale insurance and broking interests, which last year produced brokerage income of about £15m.

The discussions exclude Abaco's non-marine reinsurance and its marine andaviation insurance operations.

The purchase price is likely to be in the range of £10m to £15m and would involve about 500 Abaco employees.

Mr Peter Presland, managing director of Heath, said that if the acquisition proceeded it would be financed by an issue of new C E Heath shares, to be placed with Hambros.

B&C was administration in early June with debts of more than £1bn after a crisis at Atlantic Computers, its computer leasing subsidiary. So far sale of B&C assets has raised some £38m.

Beaverco sells Body Sculpture

Beaverco, the USM-quoted foam and consumer products company, has sold its troubled Body Sculpture subsidiary to a Taiwanese consortium, writes Jane Fuller.

The UK company recently discovered that Body Sculpture, which imports gymnasium equipment, had incurred after-tax losses of £3m since it first bought a 49 per cent stake in 1986. The problem only came to light after Beaverco had acquired all the equity and auditors were looking through the 1989-90 figures.

Body Sculpture's losses were the main cause of the group's pre-tax deficit of £177,000 in the year to March 31, compared with the previous year's £2.14m profit.

Solex Industries, of Taiwan, has bought Body Sculpture for £400,000 cash.

SeaCon objects to ferry Bill

By Andrew Hill

MR JIM SHERWOOD, president of Sea Containers, has written to the Manx government objecting to a bill which could frustrate his company's hostile bid for up to 75 per cent of the Isle of Man Steam Packet Company.

Sea Containers said yesterday the proposed legislation, which would restrict the acquisition of further shares in the ferry operator, was "discriminatory, diminished stock values and was contrary to the public interest".

Sea Containers, which is itself sheltered from takeover by its company bye-laws, said it would produce an alternative proposal to the bill which it thought would meet the Manx government's concerns about links with the mainland, and the rights of employees.

In his letter to Mr Miles Walker, the Tynwald's chief minister, Mr Sherwood accused Mr Norman Corlett, the ferry operator's chairman, of orchestrating employee protests against the takeover without consulting the Steam Packet's board. Mr Corlett admitted he had not talked to all the directors but said no objections had been raised about his actions.

Sea Containers already owns 41 per cent of the ferry operator's shares. The group announced it had extended its offer until August 3 and was prepared to increase the 115p-a-share bid subject to any profit forecast from the Steam Packet. At the bid's first closing date yesterday, Sea Containers had received acceptances representing 0.9 per cent of the Steam Packet's equity.

Mr Sherwood is an old hand at exploiting local legal advantage in Bermuda, where Sea Containers is registered. Bermudan court decisions played an important part in Sea Containers' defence against an Anglo-Swedish hostile bid last year.

Ashley board takes the blame

By Stephen Fidler

THE DIRECTORS of Laura Ashley, the frocks, fabrics and furnishings combine, have shouldered responsibility for the group's problems but said the outlook was improving.

Sir Bernard Ashley, the chairman who controls 70 per cent of the shares, told the annual meeting in Newtown, mid-Wales, yesterday that external factors such as the downturn in UK consumer spending did play a part in the £4.7m pre-tax loss last year.

"But most of the problems were of our own making and we have acted to rectify these", he stated.

Mr John James, chief executive, declined to make a profits forecast but said the situation "is improving." The shares remained at 52p yesterday.

Sir Bernard said that borrowing levels remained high and specific measures were needed to reduce them. "The board is currently implementing a further reduction of overheads and a rationalisation programme which includes the restriction of new shop openings, the disposal of certain businesses and assets, and the reduction of stock."

He said every area of the business was under scrutiny and whatever action was needed to return the business to profitability would be taken.

Earlier Mr Andrew Higginson, the finance director, said borrowings were already down from their peak. Revman, the US bed linen distribution business acquired in March 1989 and one reason for the rise in borrowings, was hitting targets and should turn over more than $90m this year.

Denmans Electrical

Problems at Eterna Lighting and sluggish sales growth meant a sharp fall in pre-tax profits of USM-quoted Denmans Electrical from £1.09m to £645,000 for the six months to March 31 1990. Turnover edged ahead from £17.73m to £18.54m.

The company warned that trading had become more difficult and sales were only slightly ahead of last year. The shares fell 15p to 170p. The interim is maintained at 1.65p from earnings of 9.4p (16.2p).

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	131	110	ABI Leisure 10p	130		R4.7	3.3	4.8	8.5
-	F.P.	-	7	4	Bennett & Fountain Wts.	7		-	-	-	-
-	F.P.	-	14	6	Fisher (Albert) Wrrts.	9		-	-	-	-
500	F.P.	-	100	95	French Property Tst	99		-	-	-	-
-	F.P.	-	39	32	Do. Warrants	38		-	-	-	-
†	F.P.	-	75	60	Golden Vale Ir1p	60		u0158%	5.1	2.5	11.0
100	F.P.	-	98	95	Jupiter Euro Inv. Tst	98		-	-	-	-
-	F.P.	-	38	35	Do. Warrants	38		-	-	-	-
-	F.P.	-	333	302	Latin Amer.Inv.Unit	303		-	-	-	-
§108	F.P.	-	116	114	¶Leavercrest 5p	115		R4.05	2.4	4.7	9.3
-	F.P.	-	44	33	Lucas Inds. Warrants	33	-1	-	-	-	-
§77	F.P.	-	85	77	M & W 10p	83		R2.2	2.9	3.5	9.3
-	F.P.	-	7	4	‡Oliver Res warrants	6		-	-	-	-
-	F.P.	-	31	21	Paribas French B Wrrnts	26	-2	-	-	-	-
120	F.P.	-	130	100	Pittencrief 10p	118		L2.3	1.8	2.6	15.1
130	F.P.	-	154	143	Seton Healthcare 10p	153	-1	L3.75	2.2	3.3	13.6
§100	F.P.	-	102	95	Siam Selecz. Growth Tst.	101	-1	-	-	-	-
-	F.P.	-	38	30	Do. Warrants	38		-	-	-	-
-	F.P.	-	43	33	Southend Prop Wrrnts	35		-	-	-	-
-	F.P.	-	4	1½	¶Tallow Oil Warrants	3½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
101.73	F.P.	-	102¼	100	Anglian Water 5½pc Index-lnk Ln 2008	102	-¼
100p	F.P.	-	102p	100¼p	BICC Cap Fin 10.75pc Cv Cap Bds 2020	101½p	+½
100	F.P.	-	101	90	¶Bluebird Toys 12pc Cv. Uns. Ln. 2005	92	
♦	F.P.	-	87p	80p	European Leisure 8.75p (Net) Cv Rd Pf	80p	
100p	F.P.	-	115p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	114½p	
100p	25p	-	49½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	49½p	+½
100	F.P.	-	107½	102¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	107½	+1
242p	Nil	-	43p	21p	Tomkins Units Nom Int Ln 6p	26p	
100p	F.P.	-	105p	95p	Wyndham Group 9.375pc Cm.Pf	95p	
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	46p	-2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
390	Nil	17/8	131pm	111pm	Attwoods	115pm	
140	Nil	-	35pm	30pm	BTP	35pm	+1
17	Nil	-	1½pm	¼pm	Conrad Contl. 10p	¼pm	-½
70	Nil	20/8	¼pm	¼pm	Electron House 10p	¼pm	
£50	Nil	-	300pm	100pm	Expl. Co of Louisiana	125pm	
182	Nil	-	51pm	37pm	First Leisure	50pm	+7
475	Nil	-	120pm	115pm	Harland Simon	115pm	
150	Nil	6/9	23pm	12pm	Hogg Group	12pm	-2
37	Nil	14/8	4pm	¼pm	‡Northumbrian Fine Foods	2pm	+1
10	Nil	-	3pm	2pm	‡Reliant Group	2pm	
100	Nil	-	48pm	46pm	Sketchley	46pm	
800	Nil	-	420pm	358pm	Sun Life	378pm	+15
250	Nil	-	42pm	29pm	Weir Group	40pm	-2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend,cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend,cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. * Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- ● First Dealings July 16
- ● Last Dealings July 27
- ● Last Declarations Oct 18
- ● For settlement Oct 29

For rate indications see end of London Share Service

Calls in; Aviva, Berisford, Meekatharra, P & O Warrants 1988-92, Richmond Oil & Gas, TV-am.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Baldwin ......int	1.4	Oct 31	1.15	-	2.55
Cranbrook Elect§ ......int	nil	-	0.5	-	0.5
Denman Elect § ......int	1.65	-	1.65	-	5.5
Victoria Carpet ......fin	4.5	Oct 4	4.25	4.5†	4.25
Widney ......int	nil	-	0.5	-	0.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

Areas of weakness in a computer network

Alan Cane looks at Fujitsu's impending purchase of ICL and the Japanese company's efforts to become the world's leading information technology group

THE POLITICAL and international trade implications of Fujitsu's impending purchase of ICL have tended to obscure the importance of ICL's computer technology to the Japanese company's effort to become the world's leading information technology group.

Fujitsu's own technology is excellent; it is unparalleled, for example, in the manufacture of high powered microprocessors of the kind used in mainframe computers.

ICL's ability, over the past decade, to develop a succession of computers powerful enough to keep its mainframe customers satisfied at reasonable cost has depended on Fujitsu's manufacturing skills.

Its technology agreement with Fujitsu in 1981 was based on the argument that it could not afford to develop its own semiconductor technology in-house.

Jane Doorley, of Dataquest, the technology consultancy, points out that ICL is now heavily dependent on Fujitsu for technology: "If Fujitsu were to double the price of the technology it sells to ICL, it would wipe out ICL's profits at a stroke".

But the traffic is not all one way. Fujitsu is Japan's leading mainframe manufacturer and the number two worldwide. ICL is number nine, but the companies' product ranges are not directly comparable. Fujitsu builds IBM compatible machines, functionally similar to those made by the world's leading computer maker and running the same operating software.

About 70 per cent of mainframe systems worldwide are of IBM or IBM-compatible design. ICL, on the other hand, designs and builds proprietary systems, different in design from IBM's and running ICL's own operating system, VME.

The mainframe computer market worldwide is mature and growing very slowly, less than five per cent a year. Most large companies have already installed systems and are committed to particular manufacturers by virtue of their investment in software; rewriting software for another make of machine is hugely expensive.

The fastest growing sector of the market is the midrange and there are three key areas where Fujitsu is relatively weak and where ICL's technological skills could help the Japanese company's drive into world markets.

● Open systems. This is the most important trend in the data processing industry today. Open systems are an attempt to make it simpler both to connect computers from more than one manufacturer together and to run the same software on a variety of different machines. Governments and armed forces are demanding open systems as a prerequisite for companies bidding for major contracts.

Fujitsu and other Japanese manufacturers know they have to sharpen their skills in open systems if they are to compete successfully outside Japan.

ICL, which gambled in the early 1980s that open systems would be important, now has more open systems experience than any other European computer manufacturer.

Mr Peter Bonfield, ICL chief executive, said this week: "As a company, we are totally committed to open international standards. More than 85 per cent of ICL's products are now being shipped with opens systems interconnection and we are working hard to push the level up".

● Midrange machines. Fujitsu is strong in mainframes, in supercomputers where it is second only to Cray of the US, and in personal computers but it, and other Japanese manufacturers, have not made much impact in the important mid-range, or departmental machine, area.

It has also made little impact in workstations or "network servers", powerful small machines which can be connected together in networks to support groups of users.

Earlier this year ICL took a world lead when it launched a series of midrange machines based on high powered microprocessors developed by Sun Microsystems of the US and the latest open systems operating software developed by AT&T.

● Software. Industry analysts see this as one of the most important reasons for Fujitsu's interest in ICL.

The data processing industry worldwide is being held back by a shortage of skilled software people. ICL is in fact the UK's largest software house with several thousand systems analysts and programmers among its 33,000 staff. They are experts in operating systems technology, languages and data communications.

ECONOMIC DIARY

TODAY: European Community health ministers meeting concludes. Naples. National congresses of two new government-created political parties in Nigeria. Trial opens in Bucharest of 24 former members of Romanian ruling elite.

TOMORROW: Start of autumn fashion shows in Paris.

MONDAY: Balance of payments current account and overseas trade figures (June). Cyclical indicators for the UK economy (June). US monthly budget statement. The economic and finance ministers of the European Community meet in Brussels. Start of two-day meeting of the European Community agriculture council. Gatt's Uruguay Round meeting in which the negotiating parties seek to conclude series of outline agreements on world trade reforms ahead of summer break.

TUESDAY: Building societies monthly figures (June). US major collective bargaining agreements; employment cost index. Annual ASEAN talks in Jakarta. Mr Francis Maude, British Minister for Hong Kong, visits China (until July 27). Civil Aviation Authority annual report. Reuters interim results.

WEDNESDAY: Index of production and construction for Wales (first quarter). New construction orders (May-provisional). US durable goods (June). European Community budget council meets in Brussels. Start of OPEC's semi-annual ministerial meeting in Geneva. Guinness trial continues. Health workers on NHS protest march in London. Royal Statistical Society report on public confidence in government statistics.

THURSDAY: Energy trends (May). Quarterly house purchase finance statistics (second quarter). ICI interim figures. National Power annual results. British Telecom annual meeting. Senior officials from South and North Korea meet in Panmunjom to sign agreement on the first meeting of two countries' prime ministers.

FRIDAY: Engineering sales and orders at current and constant prices (May). US GNP (second quarter). ASEAN foreign ministers are joined in Jakarta by foreign ministers from friendly countries, including the US (Mr James Baker, US Secretary of State, attends).

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday July 20 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Jul 19 Index No.	Wed Jul 18 Index No	Tue Jul 17 Index No.	Year ago (approx) Index No.	1990 High	1990 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (195)	890.26	.....	13.03	5.22	9.37	22.72	890.42	895.55	896.56	991.70	960.80 4/1	813.49 30/4	1032.07 16/7/87	50.71 13/12/74
2	Building Materials (26)	1128.68	+0.2	13.54	5.34	9.12	30.01	1126.79	1128.85	1122.62	1218.12	1188.21 3/1	989.61 30/4	1321.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (36)	1444.49	-0.6	16.59	5.70	7.84	35.19	1452.81	1461.53	1467.93	1626.52	1621.44 4/1	1278.36 1/5	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2449.58	.....	11.72	5.43	10.50	61.43	2449.00	2470.73	2459.87	2955.03	2751.15 4/1	2317.73 6/3	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1853.83	+0.8	10.19	4.34	12.78	51.23	1838.37	1834.89	1845.89	2267.40	2044.72 9/1	1717.35 30/4	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (80)	475.16	-0.8	13.67	4.95	8.72	9.54	479.06	483.86	488.85	0.00	502.42 13/6	409.55 6/3	502.42 13/6/90	409.55 6/3/90
7	Engineering-General (46)	489.86	-0.4	12.06	5.22	10.04	11.34	491.62	491.25	491.08	0.00	505.10 15/6	448.31 30/4	505.10 15/6/90	448.31 30/4/90
8	Metals and Metal Forming (6)	496.50	+0.6	23.26	6.77	5.23	16.45	493.69	494.54	493.64	530.32	515.57 4/1	457.99 27/4	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	355.55	-0.6	15.87	6.57	7.33	9.81	357.74	361.20	363.47	345.66	403.90 4/1	327.76 10/5	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1612.02	-0.2	10.95	5.00	10.56	38.49	1615.47	1640.16	1640.35	1698.09	1774.64 3/1	1472.55 3/5	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (179)	1329.25	+0.4	9.12	3.80	13.54	21.74	1323.39	1332.00	1339.52	1302.80	1357.03 3/1	1151.43 30/4	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1650.55	+0.8	9.23	3.53	13.02	23.74	1638.06	1642.45	1646.36	1434.53	1650.55 20/7	1369.31 6/3	1650.55 20/7/90	69.47 13/12/74
25	Food Manufacturing (20)	1111.79	-0.2	10.23	4.26	12.11	22.71	1113.71	1125.15	1128.41	1198.08	1184.41 3/1	1001.05 30/4	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2608.92	+0.6	8.71	3.15	14.70	33.61	2592.78	2614.73	2612.28	2483.12	2614.73 18/7	2188.04 30/4	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (15)	2623.70	+0.6	6.56	2.64	18.15	25.10	2607.39	2636.85	2675.99	2308.82	2795.49 4/1	2365.35 6/3	2795.49 4/1/90	175.38 28/5/80
29	Leisure (33)	1461.42	+0.4	9.90	4.23	12.30	32.35	1455.07	1462.31	1465.44	1727.28	1717.22 9/1	1266.85 30/4	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (12)	617.57	-0.3	10.78	5.57	11.42	12.94	619.24	621.64	625.01	598.21	625.01 17/7	534.25 30/4	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3593.14	-0.3	10.02	5.14	12.48	81.93	3603.94	3613.53	3604.45	3680.53	3853.61 4/1	3029.15 30/4	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	827.73	+0.6	10.69	4.55	12.11	15.90	822.65	824.54	832.62	869.48	866.32 13/6	690.43 27/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (11)	493.46	+0.4	12.48	7.29	10.11	18.26	491.65	493.99	495.13	553.72	554.37 4/1	447.50 30/4	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (106)	1198.08	+0.2	10.88	4.96	11.08	20.09	1195.25	1199.36	1210.20	1187.44	1233.52 3/1	1059.71 30/4	1233.52 3/1/90	58.63 6/1/75
41	Agencies (17)	1702.38	+0.9	5.93	2.24	20.41	15.75	1686.61	1698.89	1714.50	1416.71	1757.73 15/6	1471.39 30/4	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (23)	1296.45	+0.7	10.84	5.12	10.79	31.87	1287.60	1295.88	1304.01	1306.41	1335.87 14/6	1138.16 27/4	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (15)	1666.78	+0.4	10.23	5.99	11.75	31.95	1659.53	1662.56	1661.67	1695.61	1722.31 14/6	1480.08 30/4	1819.46 11/8/89	975.19 10/11/87
44	Transport (13)	2358.96	+0.4	10.43	4.39	12.18	49.33	2349.03	2344.99	2344.97	2501.72	2458.00 4/1	2093.96 30/4	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks (2)	1229.35	-0.7	10.91	4.58	11.93	3.78	1237.43	1240.89	1267.07	1088.19	1290.72 3/1	1019.16 30/4	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	1911.97	+1.0	16.78	7.08	6.67	68.12	1892.18	1908.94	1924.34	0.00	2079.08 16/2	1820.20 1/5	2079.08 16/2/90	1820.20 1/5/90
48	Miscellaneous (26)	1819.63	+0.1	12.18	4.96	9.35	38.44	1818.45	1823.21	1845.08	2051.29	1981.35 3/1	1674.89 10/5	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (480)	1190.64	+0.3	10.60	4.50	11.52	22.23	1187.45	1193.83	1200.55	1209.79	1234.94 3/1	1051.74 30/4	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (20)	2396.06	+2.1	12.26	5.15	10.69	46.50	2347.01	2357.91	2366.96	2187.92	2475.71 2/1	2111.34 30/4	2475.71 2/1/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1291.41	+0.5	10.84	4.59	11.40	24.26	1284.73	1291.50	1298.45	1292.76	1338.65 3/1	1140.35 30/4	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (108)	812.70	-0.2	–	5.64	–	21.27	814.32	820.36	819.08	779.17	869.67 3/1	735.74 30/4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	869.49	-0.6	18.83	6.21	6.95	25.62	875.03	883.89	877.85	762.18	918.30 2/2	766.65 27/4	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1513.45	+1.4	–	4.87	–	36.94	1491.90	1501.24	1491.52	1177.51	1519.19 29/6	1220.17 1/5	1519.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	690.43	-0.9	–	5.99	–	19.43	696.86	707.02	710.33	617.26	763.09 2/1	622.62 30/4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	951.04	-0.4	9.05	6.77	14.56	31.64	954.93	961.89	978.89	975.33	1194.74 4/1	951.04 20/7	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	443.85	+0.1	–	4.57	–	10.76	443.22	443.08	441.08	372.84	502.02 8/2	403.22 30/4	547.59 12/10/87	31.21 7/1/75
69	Property (47)	1097.72	+0.1	7.98	4.31	16.08	19.57	1097.02	1096.35	1101.77	1371.41	1242.53 4/1	1055.23 4/5	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (24)	292.38	+0.4	10.43	6.69	12.42	8.66	291.19	290.89	290.53	381.71	350.59 4/1	287.29 10/7	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (66)	1230.83	-0.1	–	3.13	–	17.97	1232.29	1233.50	1233.64	1206.06	1323.81 4/1	1113.92 30/4	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1480.87	+0.6	9.51	6.17	12.56	44.49	1471.77	1453.35	1436.78	1416.12	1614.04 3/1	1269.70 30/4	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (679)	1176.37	+0.4	–	4.71	–	23.31	1171.71	1177.97	1182.81	1166.44	1226.83 3/1	1043.16 30/4	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 19	Jul 18	Jul 17	Jul 16	Jul 13	Year ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2400.1	+12.8	2400.4	2386.8	2387.3	2402.0	2415.0	2406.5	2382.2	2283.0	2463.7 3/1	2103.4 30/4	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jul 20	Day's change %	Thu Jul 19	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years●	115.42	+0.09	115.32	–	7.49
2	5-15 years●	122.04	+0.09	122.12	0.20	7.47
3	Over 15 years●	126.05	+0.09	125.94	–	6.15
4	Irredeemables●	142.88	+0.08	142.75	–	7.35
5	All stocks●	121.96	+0.09	121.96	0.11	7.44
	Index-Linked					
6	Up to 5 years●	146.89	+0.01	146.87	–	1.49
7	Over 5 years●	135.39	+0.02	135.37	–	2.51
8	All stocks●	136.14	+0.02	136.12	–	2.43
9	Debentures & Loans	101.32	+0.09	101.22	–	6.22
10	Preference	75.17	+0.01	75.16	–	3.58

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jul 20	Thu Jul 19	Year ago (approx.)	1990 High	1990 Low
	British Government						
1	Low	5 years●	10.75	10.75	9.77	12.36 2/5	10.16 2/1
2	Coupons	15 years●	10.74	10.74	9.28	11.94 30/4	9.58 2/1
3		25 years●	10.74	10.74	9.14	11.85 30/4	9.52 2/1
4	Medium	5 years●	12.05	12.05	10.59	13.58 2/5	11.03 2/1
5	Coupons	15 years●	11.23	11.23	9.69	12.45 27/4	9.97 2/1
6		25 years●	10.88	10.89	9.30	11.98 27/4	9.65 2/1
7	High	5 years●	12.14	12.14	10.70	13.67 2/5	11.17 2/1
8	Coupons	15 years●	11.48	11.48	9.92	12.76 27/4	10.17 2/1
9		25 years●	11.12	11.12	9.51	12.27 27/4	9.78 2/1
10	Irredeemables	●†	10.79	10.79	9.21	11.83 30/4	9.66 4/1
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.●	5.48	5.45	3.22	5.48 20/7	3.83 5/1
12	Inflation rate 5%	Over 5 yrs.●	4.37	4.36	3.57	4.37 20/7	3.60 4/1
13	Inflation rate 10%	Up to 5 yrs.●	4.31	4.27	2.41	4.37 9/7	2.95 2/1
14	Inflation rate 10%	Over 5 yrs.●	4.17	4.17	3.39	4.17 20/7	3.43 4/1
15	Debs &	5 years	13.67	13.82	12.44	16.70 30/4	13.01 15/1
16	Loans	15 years	12.80	12.78	11.86	14.48 26/4	12.27 12/1
17		25 years	12.51	12.51	11.33	13.89 4/5	11.99 2/1
18	Preference	†	12.63	12.62	10.29	12.69 11/7	10.87 2/1

‡Opening index 2391.0; 9 am 2388.8; 10 am 2390.9; 11 am 2398.7; Noon 2398.2; 1 pm 2398.4; 2 pm 2397.8; 3 pm 2399.0; 4 pm 2398.3; 4.10 pm 2398.7; (a) 4.30pm (b) 9.26am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
CONSTITUENT CHANGES: Hartwell (9) has been deleted and replaced by Marina Development Group (29). ●- Prices for 20/7 are unavailable. Indices and yields calculated on 19/7 prices. Any changes are due to the accrued interset.

INTERNATIONAL COMPANIES AND FINANCE

Rossignol warns of heavier losses

By William Dawkins in Paris

GROUPE ROSSIGNOL, the world's largest ski maker, yesterday provided further evidence of its industry's problems by warning that it will this year make far heavier losses than earlier feared.

The French group said it expected a FFr85m ($15.5m) net loss in the 12 months to the end of next March, a steep deterioration on the FFr9.34m deficit it reported last year. Rossignol also forecast a drop in net turnover to FFr1.39bn from last year's FFr1.47bn.

Earlier this year, the Grenoble-based group said it expected a loss of between FFr20m and FFr50m for 1990-91, because of a lack of snow over the past two winters which has hit ski makers, lift operators and winter sports shops across the Alps.

In the event, the actual shortfall will be greater than that because of the French franc's unexpected strength against the dollar and the yen, which will create currency losses and make Rossignol's exports less competitive. More than 75 per cent of group sales are exported, mainly to the US and Japan.

The latest distress signals from Rossignol come less than a month after Salomon, the French company which is the world's largest maker of ski bindings, had its credit rating placed under review by Standard & Poors-Adef, the French ratings agency.

This was a result of Salomon's earlier announcement that it had plunged into a FFr91m loss last year, in comparison with a FFr236m net profit in 1988-1989.

Both companies have tried to reduce their exposure to the troubled ski industry. Salomon last year made nearly a quarter of sales in golf equipment and Rossignol made 7 per cent of group sales in tennis equipment. However, this has not been enough to stem the losses from core businesses.

American Brands in $975m deal for Moen Group

By Karen Zagor in New York

AMERICAN BRANDS, the consumer products and insurance group whose products range from tobacco to hardware, is to acquire Moen Group, which lays claim to having invented the single-handed faucet (mixer tap), for $975m cash.

Moen is being sold by Forstmann Little, a New York-based private investment firm which paid $840m in 1988 for Moen's predecessor company and sold a number of its businesses for a total of about $240m.

"American Brands is paying a very rich price for Moen," said one New York analyst. Moen had earnings of about $97m last year before depreciation and amortisation, interest and tax.

"We think it's a fine price for a well-managed company with excellent cash flow, whose operating income has grown at a compounded annual rate of 24 per cent since 1984 and whose revenues have grown at a compounded annual rate of 18 per cent," according to Mr Robert Rukeyser of American Brands.

American Brands is already a big player in the US hardware market through its Twentieth Century operations, a supplier of plumbing products, and Aristokraft, which makes kitchen cabinets and bathroom vanities. The acquisition will allow American Brands to consolidate distribution systems and apply a number of economies of scale, such as in the purchase of raw materials.

The Old Greenwich, Connecticut-based company also said yesterday it plans to sell its Waterloo tool storage products business, which last year had sales of $133m.

American Brands said the acquisition would dilute earnings by less than 10 cents a share in 1990 and less than 20 cents in 1991.

American Brands yesterday reported a 32 per cent jump in net income to $158m for the three months to June, on sales which grew 8 per cent to $2.95bn.

Earnings per share rose 28 per cent to $1.51 from $1.18 on a fully diluted basis. For the first six months, net earnings advanced 21 per cent to $353.8m or $3.39 a share on sales which grew 3 per cent to $6.16bn.

Caterpillar falls to $46m on weak domestic demand

By Karen Zagor

CATERPILLAR, the world's largest maker of earth-moving equipment, yesterday reported a 67 per cent plunge in second-quarter profits to $46m or 46 cents a share from $141m or $1.39 a year ago, with the company's results reflecting weak domestic demand and a sharp decline at Caterpillar's Brazilian operations.

Shares in Caterpillar, which dropped $4¾ to $58⅜ in late June when the company first announced its bleak earnings outlook, yesterday gained $⅛ to $53 by midday on the New York Stock Exchange.

Revenues in the quarter fell 3 per cent to $2.95bn. The Illinois company, which returned to the black in 1985 after three years of losses, attributed about half of its decline in profits to lower sales volume. About a quarter was blamed on the deterioration in profitability, in dollar terms, of the company's Brazilian operations, and the remainder was due to the weaker yen and higher costs.

Citicorp announces management shake-up

By Alan Friedman in New York

CITICORP, the big US bank troubled by rising property losses, poor trading and excessive costs in its global finance division, yesterday unveiled plans for a shake-up that is expected to take 18 to 24 months and result in $200m to $300m of cost cuts, mostly in the bank's North American corporate finance and real estate business.

The bank – which insisted yesterday it did not want the package of radical changes to be considered a reorganisation – nonetheless announced a big reshape of its management that will eliminate the existing middle layer structure of three group executives and 15 division heads.

It also sought to play down the idea of a cost-cutting operation or a reduction in staff levels, but acknowledged "the changes announced today ultimately will result in fewer people and lower costs associated with specific businesses."

Bankers close to Citicorp said they expected it to achieve cuts in operating costs of 10 to 15 per cent by 1991-92, which would suggest around $300m of cuts based on last year's operating expenses of $2.6bn. Mr Michael Callen, the senior executive for global finance since January who has spearheaded the changed strategy, said there was "a clear imbalance" between resources and revenues.

While the bank declined to quantify the number of jobs that will be eliminated, the immediate consequence is expected to be a cut of a few hundred people, including administrative layers of management. This number could grow to around 1,000 or more. The sharpest cuts in any specific business will come in the battered real estate activity, which employs 300 people.

The greatest job cuts will come from the North America section, which employs 6,800 of the bank's 16,000 global finance employees. European and Asian operations will not change significantly, meaning the brunt of cost cutting and asset disposals will hit the US business, which accounts for 45 per cent of total expenses in the global finance part of Citicorp, implying cost cuts of as much as 20 to 30 per cent in North America.

The Citicorp move is in some ways more subtle than Chase Manhattan's recent package of $300m of cost cuts and an 8 per cent cut in workforce undertaken, but the effect is likely to be similar.

● Mr Onno Ruding, the former Dutch finance minister, has been elected to Citicorp's CCI.N board of directors.

A sailor who may turn to salvage

Kevin Brown plots a possible future course for Alan Bond

It had all the makings of a good film script: self-made Antipodean millionaire makes dramatic self-sacrifice to foreign creditors in order to secure the future of the company he built from scratch.

But, like many things in the 34-year business career of Mr Alan Bond, his announcement that he is willing to stand down as chairman of Bond Corporation may not be all that it seems.

Mr Bond, aged 52, told holders of Bond Corporation Eurobonds in London on Thursday he was willing to step down as chairman and reduce the voting rights of his private family company from 58 per cent to 25 per cent, in the interests of "restoring full value" to the group.

The announcement was described by Bond Corp as a concession to help persuade the bondholders to sanction the proposed A$1.85bn (US$1.45bn) sale of Bond Brewing Holdings – producer of Swan, Castlemaine XXXX and Tooheys lager – to Bell Resources, an independently managed offshoot of the group.

However, Australian bankers said it was a theatrical gesture which would have little impact on Bond Corp's slim chances of survival because it would not take effect until mid-September, by which time the group's future would already have been decided.

Under an agreement with National Australia Bank, completion of the sale by July 31 would have triggered a moratorium on A$850m of debt, giving Bond Corp until the end of September 1991 to try to raise the Bond empire from the dead.

However, that prospect had evaporated before Mr Bond's dramatic London announcement because Bell Resources shareholders had already decided not to meet until August 9 to approve the purchase.

The bondholders also put off a decision until the same date.

As a result, Bond Corp will have only until September 30 this year to repay the debt to NAB, failing which the bank intends to have Bond Brewing put into liquidation.

The tight timetable means that even if the bondholders accept his offer, Mr Bond may still be in control of Bond Corp on the key date of September 30 because his offer to resign need not take effect for 30 days.

Alan Bond: willing to relinquish the helm if necessary

In any event, the betting is that if Mr Bond really is prepared to resign, it will be with the aim of salvaging something from the wreckage with which to mount a comeback later.

"He will take a deep breath, and he will say: 'I have got to go forward,' and he will go forward. That just happens to be his style, and Alan Bond is not going to change," said Mr Warren Jones, former chairman of Bond Media, a Bond Corp subsidiary sold to Mr Kerry Packer this week.

At the height of his success, as well as the Australian breweries, Mr Bond controlled G. Heileman Brewing in the US, Australia's top-rated Channel Nine television network, gold mines in Australia and South America, huge property interests in half a dozen countries, a couple of oil companies and a daily newspaper – not to mention a large stake in the British Satellite Broadcasting consortium in the UK, an island off Australia, a private university and the Chilean telephone company.

He made four attempts to win the America's Cup yachting trophy, succeeding in 1983 when he returned to Perth to the type of welcome Americans gave the first men on the moon.

It was a startling performance for a penniless English immigrant who arrived in Australia 40 years ago on a £10 assisted passage, in spite of the occasional temporary setback such as being blackballed by the Royal Perth Yacht Club and ruled not to be a fit person to hold a broadcasting licence.

But the empire was never far from disaster, as author Paul Barry demonstrates in The Rise and Fall of Alan Bond, published this week.

At first Mr Bond, a former signwriter, simply borrowed cash to buy and sell undeveloped land. Later he discovered that land could be sold on hire purchase and further cash could be raised against the contracts.

After that the empire increased rapidly, built on huge borrowings secured against rising asset values. With it came the trappings of success: the Rolls-Royce, the yachts and a mansion which really did have gold-plated taps.

But Bond Corp was on more than one occasion on the verge of bankruptcy, and came within 90 minutes of liquidation as long ago as February 1975 before a refinancing package was stitched together.

The party should have ended after the world stock market crash in 1987. Mr Bond reacted by buying more assets, including Van Gogh's Irises for US$49m.

But asset values eventually stopped rising, and the writing – rather than the painting – was on the wall.

The turning point was Mr Bond's 1988 hostile stake-building in Lonrho, the London-based international trading house.

Mr Tiny Rowland, Lonrho's managing director, proved an even tougher fighter than Mr Bond, and before long the financial world was being deluged with Lonrho reports alleging that Bond Corporation was technically insolvent, with debts of A$11bn.

The Lonrho campaign made the banks nervous and they cut off the supplies of new borrowing on which the empire depended. Mr Bond was forced to start selling assets to reduce debt.

Bond Corp shares have been suspended from the Australian Stock Exchange for seven months, and the group faces delisting even if it survives the next few months.

And as the company has sunk, so has Mr Bond's reputation, along with his personal fortune, once estimated at A$350m. He will fight on, not least because he despises quitters. But whatever else Alan Bond may do, his career as Australia's greatest entrepreneur is over.

BMW in E German venture

By Andrew Fisher in Frankfurt

BMW, the West German car company, plans to build a plant to manufacture large machine tools in East Germany, with an initial investment of around DM100m ($60m) and a workforce of more than 200 people.

The plant will be located in Eisenach, close to where the East German Wartburg car is built, in a plant that belonged to BMW until 1945. Opel, the West German subsidiary of General Motors of the US, will soon start small-scale assembly of its mid-range Vectra model in Eisenach and is considering a more ambitious plan for a full assembly plant.

The Eisenach plant will be BMW's first machine tool manufacturing site. It currently buys in its requirements, but was prompted into the East German venture by the shortage of capacity in the West German industry. BMW has said it has no intention of investing in Eisenach's aged Wartburg car plant. BMW said an attraction of Eisenach, just over the border with West Germany, was the presence of a qualified workforce which could be trained further.

The car plant employs 9,000 people, many in areas such as components and tools not connected with final assembly.

Opel, which said yesterday it had not decided whether to go ahead with a big plant, would need far fewer than this number.

SA gold mine to close shaft

WESTERN AREAS, the South African gold mine which fell into a R17.3m ($6.5m) after-tax loss in the latest quarter to June, is to discontinue operations at its north shaft which will mean shedding up to 4,400 workers, writes Philip Gawith in Johannesburg.

The mine will also sell Western Areas' 41 per cent interest in the neighbouring South Deep project to a new exploration company to be formed, for which a stock market listing will be sought. Western Areas shareholders will be offered shares in proportion to their existing holdings.

Johannesburg Consolidated Investment, which manages Western Areas, said South Deep was "probably the largest and most important known and delineated orebody remaining to be exploited."

Gruppo Uno property deal

GRUPPO UNO, the Italian financial holding company owned by 18 institutions, including Banesto, the Spanish bank, and the Trussardi fashion house, has made its first significant transaction since it was founded last year, writes Haig Simonian in Milan.

It is paying L263.5bn ($220m) for an 86.8 per cent stake in Beni Stabili, a stock market-listed Italian property company. The shares in Beni Stabili are being sold by Societa dell'Acqua Pia Antica Marcia (SAPAM) and Bastoggi, two quoted financial holding companies, which own 44.5 per cent and 42.3 per cent of the equity respectively.

The deal should extend Gruppo Uno's activities in Italian real estate. It has subsidiaries in finance, tourism and insurance broking.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$361.25	-3.25	$371.25	$420.25	$345.75
Silver Per troy oz	267.95p	-11.8	319.50p	323.50p	264.55p
Aluminium 99.7% (cash)	$1556	+6	$1664	$1655.0	$1380.0
Copper Grade A (cash)	£1493	-88	£1535	£1747.5	£1304.5
Lead(cash)	£468.5	-24	£443.5	£790	£413
Nickel (cash)	$10000.0	+187.5	$12000	$10225	$6075
Zinc SHG (cash)	$1572.5	-140	$1665	$1869	$1250
Tin (cash)	$6040	+15	£9840	$7020	$5945
Cocoa Futures (Sep)	£755	-5	£857	£967	£622
Coffee Futures (Sep)	£560	+7	£824	£757	£553
Sugar (LDP Raw)	$286.4	-19.1	$341	$386.4	$279.90
Barley Futures (Nov)	£114.30	+0.55	£106.70	£116.45	£103.45
Wheat Futures (Nov)	£115.25	+0.25	£108.55	£123.45	£111.00
Cotton Outlook A Index	90.60c	-0.20	82.80c	92.70c	73.70c
Wool (64s Super)	474p	-2	603p	580p	474p
Oil (Brent Blend)	$18.75y		$17.70	$21.975	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. y-September

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.25-6.30y	+.125
Brent Blend	$18.73-8.77y	+.175
W.T.I. (1 pm est)	$20.00-0.03y	+.175
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$260-262	
Gas Oil	$170-171	-1
Heavy Fuel Oil	$74-76	-2½
Naphtha	$161-163	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$361.25	-1.25
Silver (per troy oz)♣	486c	-1
Platinum (per troy oz)	$475.50	-0.80
Palladium (per troy oz)	$118.25	+1.05
Aluminium (free market)	$1545	+5
Copper (US Producer)	129.50c	
Lead (US Producer)	50.0c	
Nickel (free market)	460c	+15
Tin (Kuala Lumpur market)	16.10r	+0.10
Tin (New York)	283c	
Zinc (US Prime Western)	87.5c	
Cattle (live weight)†	104.23p	-1.80*
Sheep (dead weight)†	152.44p	-9.44*
Pigs (live weight)†	83.90p	-13.4*
London daily sugar (raw)	$286.4z	+6.3
London daily sugar (white)	$377.0z	+11.5
Tate and Lyle export price	£299.5	+4.0
Barley (English feed)	£109.5	
Maize (US No. 3 yellow)	£156.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Aug)♥	51.50p	
Rubber (Sep)♥	52.00p	
Rubber (KL RSS No 1 Aug)	232.5m	+0.5
Coconut oil (Philippines)§	$300z	
Palm Oil (Malaysian)§	$270	
Copra (Philippines)§	$210w	
Soyabeans (US)	£153.0	+0.5
Cotton "A" index	90.60c	-0.45
Wooltops (64s Super)	474p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Jul/Aug. u-Oct/Dec v-Jun/Jul. w-Aug z-Aug/Sep y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Aug	258.60	257.20	259.60 256.40
Oct	257.60	257.60	260.00 255.60
Dec	267.00	275.00	268.00 263.00
Mar	247.00	247.00	249.00 245.00
May	248.00	247.20	248.60 246.00
Aug	249.00	248.00	247.80
Oct	247.20	246.40	247.00
White	Close	Previous	High/Low
Oct	321.5	320.5	322.5 317.0
Dec	316.5	315.0	317.0 310.0
Mar	316.0	314.0	317.0 312.0
May	317.0	315.0	318.0 315.0
Aug	320.0	318.0	321.5 321.5
Oct	311.0	309.0	313.0
Dec	310.5		312.0

Turnover: Raw3330 (3737)lots of 50 tonnes. White 3440 (853)
Paris- White (FFr per tonne): Oct 1760, Dec 1735 Mar 1745, May 1760, Aug 1785

CRUDE OIL – IPE ($/barrel)			
	Latest	Previous	High/Low
Sep	18.77	18.90	18.79 18.47
Oct	19.00	19.18	19.02 18.82
Nov	19.11	19.03	19.11 18.95
IPE Index	18.50	18.30	

Turnover: 8004 (8686)

GAS OIL – IPE ($/tonne)			
	Latest	Previous	High/Low
Aug	170.25	170.50	171.00 169.50
Sep	171.00	171.75	171.75 170.00
Oct	173.75	174.00	173.75 172.50
Nov	175.25	175.00	175.25 174.00
Dec	176.25	176.25	176.75 176.00
Jan	174.50	175.50	175.75 174.50
Feb	170.00		170.00
Mar	167.00		167.00 166.00
Apr	167.00	165.00	167.00

Turnover 6211 (8012)lots of 100 tonnes

COCOA – London FOX (£/tonne)			
	Close	Previous	High/Low
Jul	737	727	737 736
Sep	755	753	757 750
Dec	784	782	786 780
Mar	813	808	813 810
May	832	826	833 830
Jul	852	848	853 850
Sep	872	868	872 869

Turnover: 1360 (1842) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 19 987.02 (981.57) 10 day average for Jul 20 984.19 (997.10)

COFFEE – London FOX (£/tonne)			
	Close	Previous	High/Low
Jul	536	533	547 536
Sep	560	557	571 558
Nov	580	579	581 578
Jan	597	597	610 596
Mar	614	615	625 614
May	635	633	646 634

Turnover: 2505 (2944) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 19: Comp. daily 68.66 (68.03). 15 day average 67.77 (67.72)

POTATOES – BFE (£/tonne)			
	Close	Previous	High/Low
Nov	85.0	84.0	85.0
Apr	124.0	120.5	126.0 120.0
May	137.0	133.0	135.0

Turnover 254 (311) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)			
	Close	Previous	High/Low
Oct	112.00	112.50	112.00

Turnover 10 (0) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)			
	Close	Previous	High/Low
Jul	1118	1103	1125 1120
Aug	1133	1135	1145 1140
Oct	1245	1240	1255 1240
Jan	1267	1253	1270 1265
BFI	1129	1095	

Turnover 544 (378)

GRAINS – BFE (£/tonne)			
Wheat	Close	Previous	High/Low
Sep	111.40	111.10	111.40 111.20
Nov	115.25	115.10	115.40 115.25
Jan	119.15	118.95	119.15
May	126.25	126.05	126.25
Barley	Close	Previous	High/Low
Sep	110.10	110.10	110.20 110.10
Nov	114.30	114.35	114.50 114.35
Jan	117.85	118.10	118.25 117.85
Mar	121.10	121.25	121.40
May	122.35	122.50	122.60

Turnover: Wheat 80 (186), Barley 127 (61). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg			
	Close	Previous	High/Low
Aug	115.0	119.0	116.0 115.0
Sep	115.5	117.5	116.0 115.0
Oct	116.5	117.5	116.0 114.5

Turnover 232 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 8,701 lots	
Cash	1555-7	1548-50	1549/1549	1548-9		
3 months	1587-8	1581-2	1592/1580	1581-2	1591-2	41,452 lots
Copper, Grade A (£ per tonne)					Total daily turnover 18,851 lots	
Cash	1492-4	1492-4	1487/1483	1483-4		
3 months	1469-70	1468-8	1476/1460	1462.5-3.5	1473-4	83,106 lots
Lead (£ per tonne)					Total daily turnover 1,464 lots	
Cash	468-9	468-9	469	467-8		
3 months	474-5	472-3	475/473	473-4	476-7	10,580 lots
Nickel ($ per tonne)					Total daily turnover 1,841 lots	
Cash	9975-10025	9775-800	9975/9950	9975-80		
3 months	9925-75	9775-800	10100/9875	9925-50	9875-925	9,927 lots
Tin ($ per tonne)					Total daily turnover 1,000 lots	
Cash	6035-45	6025-45	6025/6025	6025-30		
3 months	6160-5	6150-60	6170/6150	6140-50	6150-75	5,240 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 4,229 lots	
Cash	1570-5	1550-5	1565/1562	1562-3		
3 months	1540-2	1523-5	1547/1520	1530-5	1545-7	19,851 lots

LME Closing £/$ rate: SPOT: 1.8150 3 months: 1.7848 6 months: 1.7589 9 months: 1.7362

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	361-361½	199-199½
Opening	360½-361	198¾-198¾
Morning fix	360.75	198.870
Afternoon fix	361.00	198.997
Day's high	361-361½	
Day's low	360½-361	
Coins	$ price	£ equivalent
Mapleleaf	368-371	203-205
Britannia	368-371	203-205
US Eagle	368-371	203-205
Angel	368-371	203-205
Krugerrand	360-363	198½-200½
New Sov.	85½-87½	47-48½
Old Sov.	85½-87½	47-48½
Noble Plat	481.20-488.85	265.10-269.35
Silver fix	p/fine oz	US cts equiv
Spot	267.95	486.50
3 months	277.90	499.25
6 months	288.00	506.40
12 months	306.85	526.70

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1500	87	110	8	18
1600	26	50	46	55
1700	4	18	122	120
Copper (Grade A)	Calls		Puts	
2550	164	128	34	102
2650	101	84	70	156
2750	57	53	124	222
Coffee	Sep	Nov	Sep	Nov
550	25	55	16	27
600	2	31	85	53
650		17		89
Cocoa	Sep	Dec	Sep	Dec
700	64		9	
750	32	78	27	44
800	13	53	58	69
Brent Crude	Sep	Oct	Sep	Oct
1800			32	36
1850	56		43	49
1900				

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jul	361.3	361.4	361.5	361.5
Aug	362.0	362.1	363.5	361.5
Sep	363.9	364.0	365.0	365.0
Oct	366.2	366.3	367.8	366.0
Dec	370.6	370.8	372.1	370.1
Feb	374.9	375.1	376.1	375.3
Apr	379.1	379.3	379.9	379.9
Jun	383.5	383.7	0	0
Aug	387.7	387.9	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	474.8	475.8	477.0	475.5
Aug	477.1	478.1	0	0
Oct	481.3	482.3	484.8	480.5
Jan	487.0	488.0	488.0	486.5
Apr	492.2	493.2	494.0	0
Jul	497.9	498.9	500.0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jul	484.8	485.1	487.0	485.5
Aug	485.7	486.1	0	0
Sep	489.5	490.0	493.0	488.5
Dec	500.3	500.8	503.5	499.6
Jan	503.1	503.7	0	0
Mar	510.8	511.4	513.5	511.5
May	517.7	518.4	519.5	519.5
Jul	524.8	525.6	527.0	526.5
Sep	532.2	533.1	0	0
Dec	543.1	544.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	121.15	119.45	121.80	119.50
Aug	120.65	118.90	120.80	119.10
Sep	119.80	117.90	120.60	119.60
Oct	117.90	116.00	0	0
Nov	115.65	113.75	114.00	114.00
Dec	112.90	111.00	113.10	110.70
Jan	111.20	109.30	0	0
Mar	107.60	105.70	106.50	105.80
Apr	106.35	104.50	0	0
May	104.60	102.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Aug	19.55	18.99	19.60	18.85
Sep	20.07	19.86	20.10	19.72
Oct	20.43	20.31	20.46	20.21
Dec	20.80	20.73	20.90	20.70

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Oct	5780	5825	5870	5765
Dec	5950	6000	6035	5945
Jan	5990	6045	6060	5985
Feb	5929	5955	5955	5920

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1242	1237	1245	1229
Dec	1285	1280	1288	1270
Mar	1320	1318	1323	1316
May	1348	1341	1345	1339
Jul	1368	1362	1365	1360
Sep	1388	1382	1400	1400
Dec	1421	1415	1424	1420

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	86.90	88.85	89.75	86.60
Dec	90.35	92.25	91.90	90.30
Mar	93.50	95.30	94.90	93.50
May	95.50	96.75	96.50	95.50
Sep	98.25	99.65	0	0
Dec	101.50	103.00	103.90	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	11.53	11.48	11.55	11.40
Mar	11.19	11.11	11.21	11.13
May	11.17	11.17	11.27	11.17
Jul	11.17	11.17	11.24	11.17
Oct	11.17	11.23	11.29	11.17

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	77.23	77.80	77.80	76.78
Dec	72.66	73.42	73.40	72.70
Mar	73.71	74.18	74.20	73.65
May	74.25	74.45	74.46	74.25
Jul	74.05	74.32	74.20	74.05
Oct	69.25	69.60	69.20	69.20
Dec	67.57	67.65	67.86	67.20

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	174.40	177.15	177.80	174.15
Nov	166.25	169.75	169.00	166.25
Jan	161.00	164.10	162.50	162.00
Mar	160.00	163.10	162.00	161.00
May	159.50	162.60	0	0
Jul	159.50	162.50	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Jul 20	Jul 19	mnth ago	yr ago
	1815.5	1814.2	1829.8	1826.7
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jul 19	Jul 18	mnth ago	yr ago
Spot	131.99	132.30	130.96	132.17
Futures	131.15	131.13	130.99	129.58

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jul	596/0	602/4	602/0	595/4
Aug	591/0	604/4	608/0	590/0
Sep	595/2	609/0	606/0	595/0
Nov	602/2	619/0	617/4	601/0
Jan	613/6	630/6	626/0	613/0
Mar	625/4	643/0	639/4	625/4
May	634/4	651/4	646/0	634/4
Jul	637/0	656/0	652/0	637/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	23.80	23.69	23.84	23.52
Aug	23.28	23.41	23.59	23.28
Sep	23.36	23.47	23.64	23.33
Oct	23.40	23.47	23.65	23.36
Dec	23.47	23.57	23.72	23.43
Jan	23.53	23.60	23.75	23.53
Mar	23.58	23.73	23.85	23.55
May	23.71	23.75	23.90	23.71

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jul	173.7	176.8	177.0	173.6
Aug	171.9	178.8	178.5	171.5
Sep	171.7	178.6	178.0	171.5
Oct	172.6	180.0	179.3	172.2
Dec	175.2	182.7	182.0	175.0
Jan	175.7	183.2	181.8	175.6
Mar	179.5	186.0	184.0	179.5
May	180.0	187.2	185.0	180.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Jul	268/6	268/6	272/4	267/0
Sep	259/2	260/6	261/0	259/0
Dec	254/4	256/2	256/0	254/0
Mar	261/2	262/6	263/0	260/6
May	266/0	267/4	267/6	265/6
Jul	269/6	269/6	270/4	268/6
Sep	263/0	264/6	265/0	263/0
Dec	259/0	260/4	260/4	259/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Jul	298/6	297/2	298/4	296/4
Sep	300/0	303/4	305/4	299/4
Dec	316/4	320/4	322/0	318/2
Mar	325/2	327/0	330/0	324/4
May	327/4	328/2	332/0	327/0
Jul	324/4	325/0	327/0	324/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	78.42	78.15	78.45	78.90
Oct	77.50	77.00	77.56	76.62
Dec	76.86	76.50	76.90	76.12
Feb	76.27	76.07	76.45	75.80
Apr	76.80	76.62	76.87	76.45
Jun	73.95	73.72	74.05	73.72
Aug	72.55	72.42	72.60	72.55

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jul	63.95	63.57	63.95	63.35
Aug	59.57	58.92	59.77	58.60
Oct	52.65	52.00	52.70	51.80
Dec	51.52	50.85	51.70	50.80
Feb	49.97	49.57	50.15	49.25
Apr	46.30	46.00	46.45	45.95
Jun	50.07	49.80	50.30	49.93
Jul	50.25	50.15	50.35	49.95

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	46.67	46.50	46.90	46.60
Aug	44.35	44.42	45.35	42.95
Feb	51.90	52.90	53.85	51.80
Mar	52.10	52.67	53.45	51.45
May	52.50	53.72	55.45	52.85

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Nervousness hits the yen

THE JAPANESE yen lost ground yesterday as traders in Europe and New York appeared to take a more cautious view of a possible Japanese financial scandal than their counterparts in Tokyo. The dollar eased against most European currencies, but improved against the yen, rising to Y148.90 from Y148.00 at the London close, after finishing a quiet day in Tokyo at Y148.35.

Sentiment was hit by fears of a scandal, after news the the Tokyo district prosecutor's office had ordered two arrests on suspicion of stock manipulation. Japanese equity prices fell sharply, undermining confidence in the yen, but the view in Tokyo appeared to be that the news was already discounted.

Lack of other market moving factors left dealers in Europe and New York to ponder the Japanese situation however, resulting in a fall of the yen against a featureless dollar and D-Mark. The D-Mark rose to Y90.75 from Y90.00. The West German currency also improved against a weaker pound, but was otherwise little changed. At the finish of trading in London the dollar had fallen to DM1.6410 from DM1.6440; to FFr5.5050 from FFr5.5150; and to SFr1.4065 from SFr1.4095. According to the Bank of England the dollar's index rose to 65.6 from 65.5.

Sterling's inability this week to establish a level above DM3.00 encouraged profit-taking ahead of Monday's UK trade figures. In general the City expects little change in the June current account deficit from the May shortfall of £1.32bn. High London interest rates and speculation that the pound will become a full member of the European Monetary System in the Autumn continued to provide underlying support.

The pound fell back from a high of around DM2.9800, to close at DM2.9775, compared with DM2.9850 on Thursday. It also lost 10 points to $1.8145, while declining to SFr2.5525 from SFr2.5600 and to FFr9.9900 from FFr10.0125, but rising to Y270.25 from Y268.75. On Bank of England figures sterling's index was unchanged at 94.0.

Within the EMS exchange rate mechanism, the Spanish peseta and Italian lira continued to hit against their upper intervention levels. One of the lowest placed currencies, the French franc, was helped by a lower than expected French trade deficit of FFr1.03bn in June. The Spanish unit eased to FFr5.4750 per 100 pesetas at the London close, after being fixed at FFr5.4775 in Paris, against a ceiling of FFr5.4785. The Bank of Spain has an open offer at present to buy any currency at the bottom of its range against the peseta. There was no sign of intervention by the Bank of France to support the franc yesterday.

£ IN NEW YORK

July 20	Latest	Previous Close
£ Spot	1.8140-1.8150	1.8145-1.8155
1 month	1.04-1.03pm	1.05-1.03pm
3 months	3.02-2.98pm	2.99-2.96pm
12 months	9.95-9.80pm	9.85-9.75pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 20	Previous
8.30 am	94.0	94.2
9.00 am	94.1	94.2
10.00 am	94.0	94.0
11.00 am	94.0	94.1
Noon	94.0	93.9
1.00 pm	93.9	93.9
2.00 pm	94.0	93.9
3.00 pm	93.9	93.8
4.00 pm	94.0	94.0

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

U.A.E. 6.6775 - 6.6850 3.6715 - 3.6735

* Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8145	1.8041	1.7844	1.7575	1.7154
D-mark	2.9775	2.9606	2.9290	2.8883	2.8258
French Fr.	9.9900	9.9468	9.8695	9.7629	9.6091
Swiss Fr.	2.5525	2.5396	2.5156	2.4817	2.4205
Yen	270.25	268.57	265.50	261.37	254.60

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.8110 - 1.8215	1.8140 - 1.8150	1.05-1.03cpm	6.88	3.03-3.00pm	6.65
Ireland	1.6310 - 1.6300	1.6315 - 1.6325	0.34-0.29cpm	2.32	0.92-0.82pm	2.13
Canada	1.1510 - 1.1570	1.1560 - 1.1570	0.54-0.56cdis	-5.71	1.50-1.55dis	-5.27
Netherlands	1.8430 - 1.8510	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	33.70 - 33.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	6.22½ - 6.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	1.6345 - 1.6435	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	143.90 - 144.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	100.20 - 100.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	1197¾ - 1203¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	6.28 - 6.30½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	5.49 - 5.51½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	5.93¼ - 5.95¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	147.95 - 149.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	11.50½ - 11.55½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	1.3995 - 1.4100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU	1.2600 - 1.2660	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. [illegible] Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.551	1	1.641	149.0	5.507	[illegible]
DM	0.336	0.609	1	90.76	3.356	[illegible]
YEN	3.701	6.714	11.02	1000.	36.97	[illegible]
F Fr.	1.001	1.816	2.980	270.5	10.	[illegible]
S Fr.	0.392	0.711	1.167	105.9	3.915	1
H Fl.	0.298	0.541	0.888	80.61	2.980	[illegible]
Lira	0.459	0.832	1.366	123.9	4.583	[illegible]
C $	0.478	0.866	1.422	129.0	4.771	[illegible]
B Fr.	1.627	2.952	4.845	439.7	16.26	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open Int
July	2040.0	2050.0	+16.0	2050.0	2035.0	5,344
August	2051.0	2059.0	+15.0	2059.0	2043.5	1,853
September	2057.0	2057.0	+3.5	2057.0	2057.0	260
December	-	-	-	-	-	-

Estimated volume 3,760 Total Open interest 7,457

BANK RETURN

BANKING DEPARTMENT	Wednesday July 18, 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	39,036,704	-	1,416,332
Bankers Deposits	1,637,263,708	-	75,833,656
Reserve and other Accounts	1,952,772,233	+	90,313,316
	3,643,625,645	+	13,063,328
ASSETS			
Government Securities	1,463,661,738	+	168,795,000
Advance and other Accounts	572,964,764	-	78,532,650
Premises Equipment & other Secs	1,597,961,657	-	79,016,294
Notes	8,826,480	+	1,815,517
Coin	211,006	+	3,755
	3,643,625,645	+	13,063,328
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,861,173,520	+	58,184,483
Notes in Banking Department	8,826,480	+	1,815,517
	15,870,000,000	+	60,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,108,574,073	-	875,419,018
Other Securities	3,750,410,827	+	935,419,018
	15,870,000,000	+	60,000,000

MONEY MARKETS

London rates steady

RATES WERE steady in London yesterday as the money market lacked fresh factors to generate momentum. Three-month interbank was unchanged at 14⅞-14¾ per cent and 12-month money was steady at 14⅝-14½ per cent. Trading in short sterling futures was very quiet on Liffe. December delivery opened unchanged at 86.15 and after holding in a narrow range closed at 86.16.

UK clearing bank base lending rate 15 per cent from October 5

There was a large shortage of day-to-day credit in London. The Bank of England initially forecast a shortage of £1,100m, but revised this to £1,000m at noon and to £1,050m in the afternoon. Total assistance of £868m was provided.

An early round of help was offered, but at that time the authorities bought only £10m bank bills in band 2 at 14⅞ per cent. Before lunch another £197m bills were purchased, by way of £20m bank bills in band 1 at 14⅞ per cent and £177m bank bills in band 2 at 14⅞ per cent.

In the afternoon £446m bills were bought, via £16m Treasury bills in band 1 at 14⅞ per cent; £71m bank bills in band 1 at 14⅞ per cent; £1m Treasury bills in band 2 at 14⅞ per cent; and £358m bank bills in band 2 at 14⅞ per cent. Late assistance of around £215m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £749m, with a rise in the note circulation absorbing £465m. These outweighed Exchequer transactions adding £65m to liquidity and bank balances above target of £50m.

At the weekly Treasury bill tender the average rate of discount on 91-day bills rose to 14.3188 from 14.3026 per cent. The top accepted rate of discount increased to 14.3393 from 14.3192 per cent. This was equal to a price of £96.425 and bids at that level received about 28 per cent of the amount applied for.

The £500m bills on offer attracted bids of £1.668bn, compared with £2.222bn for a similar amount last week. The average rate of discount on £200m of 182-day bills fell to 13.7039 from 13.7331 per cent. These met applications for £936m, against £200m for the same number of bills last week. Next week another £500m of 91-day bills and £200m of 182-day bills will be on offer.

In Frankfurt call money eased to 7.95 per cent, falling below the 8 per cent Lombard emergency financing rate for the first time this week.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd.	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	*15	Nat Bk. of Kuwait	15		

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MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Citibank Savings
St Martins Hse, Hammersmith Grove W6 081-741 4941

Money Market Plus				
£2,000-£24,999	11.09	8.50	11.79	Mth
£25,000	11.50	9.00	12.51	Mth

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

HICA £2,000-£9,999	12.2	9.52	13.15	Qtr
£10,000-£19,999	13.0	10.14	14.04	Qtr
£20,000-£49,999	13.2	10.30	14.27	Qtr
£50,000+	13.7	10.69	14.83	Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1 7AE 071-606 9485

High Int Cheque Acc	14.50	11.31	15.73	Qtr

NOTES—Gross rate to those exempt from composite rate of tax Net actual rate after deduction of CRT Gr Equiv CAR: Gross equivalent to basic rate taxpayers-compounded annual rate Int Cr frequency interest credited

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	273	Ass. Brit. Ind. Ordinary	274	0	10.3	3.8	7.4
38	19	Armitage and Rhodes	26	0	-	-	-
210	135	Bardon Group (SE)	150	0	4.3	2.9	14.6
125	96	Bardon Group Cv Pref (SE)	97	0	6.7	6.9	-
129	70	Bray Technologies	72	1	4.7	6.5	11.8
110	82	Bremhill Conv. Pref	82	0	11.0	13.4	-
318	285	CCL Group Ordinary	314	-2	18.7	6.0	2.5
176	163	CCL Group 11% Conv.Pref	168	0	14.7	8.8	-
225	140	Carbo Plc (SE)	225	0	7.6	3.4	13.2
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	0.125	*Magnet Gp Non-Voting A Cnv.	0.125	0	-	-	-
7.5	0.125	*Magnet Gp Non-Voting B Cnv.	0.125	0	-	-	-
130	56	Isis Group	56	0	8.0	14.3	3.2
145	58	Jackson Group (SE)	112	0	4.3	3.8	10.0
345	243	Multihouse NV (AmstSE)	320	0	-	-	-
158	98	Robert Jenkins	135	-1	11.0	8.1	4.0
467	320	Scruttons	325	0	20.0	6.2	9.0
178	106	Unistrut Europe Conv Pref	178	0	10.7	6.0	-
395	235	Veterinary Drug Co. PLC	240	0	22.0	9.2	6.4
386	278	W.S Yeates	385	0	16.2	4.2	32.1

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of the ISE. Other securities listed above are dealt in subject to the rules of TSA

These securities are dealt in strictly on a matched bargain basis. Neither Independent Companies Exchange Limited nor Granville Davies Limited are market makers in these securities

* These securities are dealt on a restricted basis. Further details available

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Telephone 071-488 1212
Member of TSA

Granville Davies Limited
77 Mansell Street, London E1 8AF
Telephone 071-488 1212
Member of The ISE & TSA

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1813

Guaranteed Export Finance Corp PLC 12¼% Gtd Ln Stk 2002(Reg) – £103⅝

Corporation and County Stocks
No. of bargains included 7

Greater London Council 8¾% Stk 90/92 – £90½ 1¾

Birmingham Corp 3% (1902) 1932(or after) ...

UK Public Boards

Foreign Stocks, Bonds, etc–(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

... 86/91 – £93
8¾% Uns Cap Ln Stk 88/93 – £85¼ 6¾ 7 ⅞
12% Uns Cap Ln Stk 2010 – £98
16% Uns Cap Ln Stk 2002/07 – £118⅝
Barings PLC 8% Cum 2nd Prf £1 – 70½ ⅝ (13Jy90)
Kyowa Bank Ld Shs of Com Stk Y50 – Y1165
Lombard North Central PLC 6% Cum 1st Prf £1 – 47 (17Jy90)
5% Cum 2nd Prf £1 – 35 (16Jy90)
Midland Bank PLC 7¾% Subord Uns Ln ...

Breweries and Distilleries

Commercial, Industrial, etc
No. of bargains included 14959

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Insurance

Investment Trusts

Plantations

Railways

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

The Third Market Appendix
No. of bargains included 93

Leading Leisure PLC New Ord 5p – 13 5

Rule 535(2)
No. of bargains included 26

Aberdeen Trust Hldgs PLC Wts to sub for Ord – 20.21 (16Jy90)
African Gold PLC Ord 1p – 20.09 0.0975
Arm Street Breweries Co Ld Ord £1 – 25¾ (17Jy90)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Oil Search 22
Overseas Chinese Banking Corp S$9.4, .40142 (17/7)
Palabora Mining R81½
Singapore Fodder S$1.78015
Singapore Land S$14.818054, 14.98195 (17/7)
Sky Line Explorts 40 (18/7)
Spargos Mining 1
United Overseas Land S$2.1213 (17/7)
Vultan Minerals 6.5 (16/7)

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FINANCIAL TIMES
PUBLISHED IN LONDON ● FRANKFURT ● NEW YORK

Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL. Telex: (Editorial) 922186. Telex: (Advertising) 885033. Telephone: 071-873 3000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstrasse 54. Telex: 416052. Telephone: 7598157. New York Office: The Financial Times, 14 East 60th Street, New York, NY10022, USA. Telex: 238409 FTOL. Telephone: (212) 752 4500.

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LONDON STOCK EXCHANGE

Equities struggle above FT-SE 2,400

THE LONDON stockmarket, undismayed by the bomb explosion at the International Stock Exchange, continued to take its cue from Wall Street yesterday, pushing forward to close just above the FT-SE 2,400 mark as the New York equity market mounted a new assault in early trading on its own testing level of Dow 3,000.

Although some reporting of Government bond prices suffered in the aftermath of the bomb outrage, securities trading continued as normal, with the exception of the London Traded Options Market which had to abandon operations for the day almost as soon as the session opened.

Account Dealing Dates

First Dealings:	Jul 9	Jul 23	Aug 6
Option Declarations:	Jul 19	Aug 2	Aug 16
Last Dealings:	Jul 20	Aug 3	Aug 17
Account Day:	Jul 30	Aug 13	Aug 28

*New-time dealings may take place from 8.30 am two business days earlier.

Equities opened higher in response to Wall Street's renewed vigour overnight which had brought the Dow 3,000 testing point into view again. Turnover in the stockmarket was still thin, although the absence of the day's official trading data rendered comparisons difficult.

Government bonds had a very quiet session edging forward to close about ¼ of a point higher at the longer end. The announcement by the UK Government that it will offer a £3.3bn package to hold down UK community charges, which have been widely criticised and a significant drag on the opinion poll ratings of Mrs Thatcher's Government, helped sentiment in the Gilt-edged sector.

Equities were helped both by Wall Street and by the firmness in UK bonds. Early trading saw the FT-SE index gain more than 13 points, although traders said that turnover remained thin. Signs of strain in the Inter-Dealer Broker (IDB) market continued to unsettle equity trading.

The market came off the top as traders waited with some apprehension for Wall Street to open the new session. Uncertainty over the early trend of the New York market slowed London down in the second half of the session, but with the Dow just above 3,000 when London closed, UK stocks ended the week firmly.

The final reading showed the FT-SE Index at 2,400.1, a net gain of 12.8 on the day. The past week has seen the Footsie Index advance by nearly 18 points, largely in response to the Wall Street market. Yesterday marked the end of the two-week trading account during which the Footsie gained 25.5 points; the account saw the market looking increasingly nervous in response to worries over corporate profits, especially at UK-based overseas trading companies vulnerable to the recent firmness of sterling.

Turnover in the UK stockmarket has followed the trend of the performance of the equity market this year, but mostly when the market was on the upside (see Chart). When the market fell sharply from its peaks in January, equity volume was largely unaffected.

FINANCIAL TIMES STOCK INDICES

	July 20	July 19	July 18	July 17	July 16	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	N/A	79.30	79.36	79.49	79.73	86.40	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.06	88.07	87.99	87.75	87.81	96.92	92.91 (8/1)	83.60 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1898.1	1888.7	1900.6	1912.9	1900.9	1892.9	1988.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	181.9	181.2	179.4	181.7	184.4	193.0	378.5 (6/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2400.1	2387.3	2402.0	2415.0	2408.5	2283.0	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)

	July 20	July 19	July 18	July 17	July 16	Year Ago
Ord. Div. Yield	4.88	4.91	4.88	4.85	4.88	4.27
Earning Yld %(full)	10.76	10.81	10.74	10.68	10.78	9.99
P/E Ratio(Net)(☆)	11.27	11.21	11.29	11.38	11.25	12.06
SEAQ Bargns 4.45pm	N/A	25,533	28,634	30,824	28,437	28,216
Equity Turnover(£m)†	-	N/A	1735.39	988.73	679.11	1352.47
Equity Bargains†	-	N/A	32,920	30,718	26,547	30,335
Shares Traded (ml)†	-	N/A	674.1	396.7	307.5	450.1

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928. Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.13

Ordinary Share Index, Hourly changes Day's High 1899.8 Day's Low 1890.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1892.8	1891.7	1894.0	1899.2	1898.7	1898.4	1897.7	1898.5	1897.1

FT-SE, Hourly changes Day's High 2400.4 Day's Low 2388.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2391.0	2388.8	2390.9	2398.7	2398.2	2398.4	2397.8	2399.0	2398.3

GILT EDGED ACTIVITY

Indices*	July 19	July 18
Gilt Edged Bargains	N/A	89.4
5—Day average	N/A	93.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

Optimism on oil sector

A big shift of stance on the oil and gas sector by Hoare Govett and Smith New Court, the two investment houses holding some of the most bearish views on oil prices and the sector, triggered heavy buying.

Activity in oil and gas shares was among the largest in the market as the sector responded to some large buying from the two influential investment houses, coupled with an overhang caused by strong US demand for oil stocks.

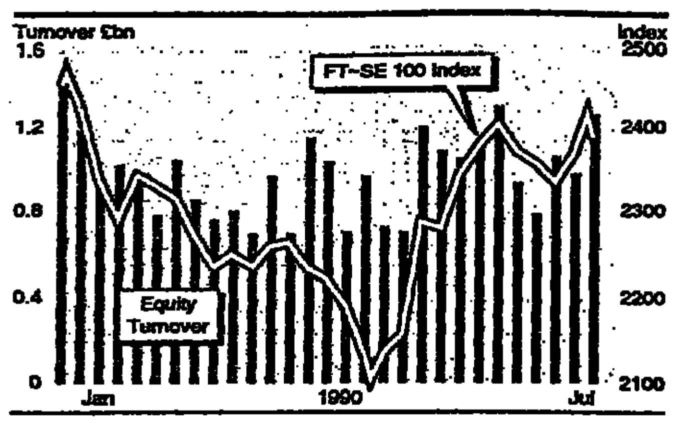
Mr Steve Turner of Smith New Court's said of developments in the Middle East: "Increasing militancy of Iraq within Opec could signal a shift of power consistent with a much more hawkish attitude towards oil prices; institutions carrying seriously underweight positions in oils should be aware that the risks of maintaining this position are increasing."

Mr John Toalster at Hoare Govett – strong buyers yesterday of BP, British Gas and Lasmo – was even more forthright about the potential impact of the tensions in the region. "Oil prices are going to respond to what are bully boy tactics employed by Iraq; they [the Iraqis] will force Kuwait and the UAE to curb output to raise prices substantially, and when oil prices move they move very fast," said the Hoare analyst. Hoare has altered its stance from neutral to "build up holdings."

British Gas rose by 5 to 228p with turnover of 27m with strong demand from Hoare and Smith New Court accompanied by heavy Japanese buying of the stock – one Japanese house was thought to have been bidding aggressively for a line of 32m shares.

BP's high gearing towards rising crude oil prices was behind the steep rise in the shares which moved up 7½ to 337½p on turnover of 11m. Shell jumped 10 to 484p on much smaller trade of 1.7m.

Lasmo climbed 14 to 422p, Enterprise 10 to 666p and Ultramar 5 to 339p on 4.2m. Of the UK securities houses was said to have been pushing Sovereign Oil & Gas which rose 12½ to 190p.



Lonrho deals

The market gave a cautious welcome to Lonrho's disposal and stake acquisition. The company is selling PJH, one of the largest distributors of kitchens and bathrooms in the UK, for £67.5m and taking a 10 per cent stake in Asko, the West German discount retailer.

Mr Charles Pick at Nomura said that the PJH price was good for Lonrho, being 23.1 times the slightly depressed 1988/89 earnings. He added that the Asko shares had been bought at a "useful" 11¼ per cent discount to their previous closing price, although there had been much talk in German bourses of the purchase.

Other analysts said that the deal was part of the plan by Mr Tiny Rowland, who heads Lonrho, to exploit German and East European markets.

Lonrho added 3 at 277p on good volume of 4.6m. The stock goes ex-dividend on Monday.

News of trials about to begin of a possible vaccine for Aids predictably hurt Wellcome, which makes the Retrovir Aids treatment. Most of the trade done early in the day when the shares fell to their day's low of 553p. They eventually closed at 560p, a net fall of 10.

Reuters' recent weakness on the strength of sterling came to an end and the shares recovered 18 to 1267p. French buying boosted Eurotunnel for the second day and the shares added 10 at 520p.

BAA made it five all-time highs in a row with yesterday's improvement of 3 to 462p. The shares had peaked at 464p and turnover was busy at 2m shares.

Traders said that "a couple of sellers and no buyers" in Horace Clarkson, the shipping broker, lopped 10 off the shares to 233p. WPP eased 2 to 639p ahead of interims on August 7. Marketmakers said the stock had had a good run in recent days and that trade was brisk yesterday.

High street banks were much quieter after the interest shown earlier in the week. Abbey National maintained its recent strong performance, ending the session marginally ahead at 227p, after reaching an all-time peak of 229p on Thursday. Turnover was 1.4m.

Of the "big-four," where the interim results season starts next Friday with figures from Lloyds, Barclays eased 7 to 408p on 3.5m, while Lloyds lost 5 to 302p on 1.3m. Midland held at 302p as did NatWest, 335p.

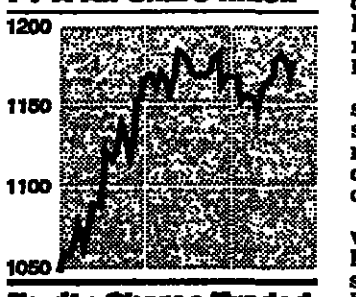
In its preview of the banks' interim figures, BZW said: "This is probably the last time we can legitimately refer to Barclays, Lloyds, Midland and NatWest collectively as the big four. Abbey National, which reports on August 1, will be pushing £300m at the interim stage i.e. over 50 per cent higher than most forecasts for Midland.

S. G. Warburg rose 3 more to 422p, helped by the merchant bank's success this week in the placing of the Government's residual holding in British Gas.

First half new business figures from Prudential drew a positive response from the market which marked the shares higher. They closed a net 6 firmer at 241p; turnover was 4m, well up on usual levels of activity.

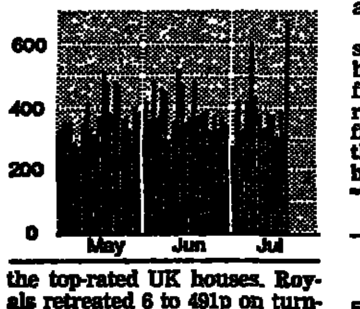
Composites remained a nervous market ahead of the results season. Guardian Royal dropped 5 more to 225p on 1.5m, still unsettled by worries about further downgrades, while Sun Alliance were the same amount off at 338p, on keen turnover of 3m, as the market fretted about a possible profits forecast cut by one of the top-rated UK houses. Royals retreated 6 to 491p on turnover of 1.6m. General Accident, sustained by the recent buy note issued by SG Warburg, held at 530p, with turnover reaching 1.8m.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



The more cautious stance on insurance brokers adopted by BZW continued to restrain the sector where Sedgwick eased 3 more to 221p.

Cadbury Schweppes fell 2 to 362p following a report that the UK government is to review the safety of Nutrasweet, the artificial sweetener used in diet soft drinks and tonic waters. But analysts said much of the information contained in the report was already known. Mr Carl Short of Kleinwort Benson said: "It's far too early to say how much of an impact this is going to have." He noted that so far the government's move had not received widespread coverage, particularly in the popular newspapers.

Berisford International dropped 3 to 50p as 4.2m shares changed hands. Dealers said the selling was related to the end of the latest Stock Exchange account. Tate & Lyle fell 2 to 303p after Kleinwort Benson lowered its profit estimate for the current year to £215m from £222m. Kleinwort said Tate's North American cane sugar refining operations had not been as buoyant as originally estimated.

Polly Peck gained 14 to 452p on renewed speculation about the possibility of the company floating its Del Monte fresh fruit division on the New York Stock Exchange. Mr Philip Dorgan of Goldman Sachs said he believed Del Monte would be spun off before the end of the year.

Pentos said that its Dillons chain of bookshops was "proving a remarkable success." Sales from the newest shop were running more than 20 per cent ahead of expectations. Dillons' sales continue to grow at more than 30 per cent a year. Pentos added 2 at 117p.

The support level for stricken Burton was £1 a share, at which it closed last night, a penny easier on the day. A busy 11m shares changed hands.

Brewery stocks were quiet, which the exception of Grand Metropolitan, where a stock shortage left the shares 13 higher at 671p and Scottish and Newcastle which attracted interest ahead of Monday's ex-dividend date. Scottish added 7 at 354p.

Matthew Clark, the wine and spirits distributor, continued to benefit from Thursday's good figures. BZW changed its recommendation on the stock from a hold to a buy, saying that the bad news was probably in the price and that the company was well placed to benefit from the more liberal industrial environment imposed by the Monopolies and Mergers Commission over the last year.

Castle Communications, the USM-quoted record and video company, fell steeply after the company said it would lose up to £500,000 as a result of trading relationships with a division of Parkfield, the collapsed mini-conglomerate. The shares bottomed at 398p before closing at 408p, a net decline of 42.

First Leisure continued to go from strength to strength in the wake of the company's successful rights issue. The shares climbed another 7 to 332p. The nil paid added 7 at 50p.

Water shares edged higher as dealers quoted the stock ex the 70p call. Anglian were a firm market, moving up 4 to 223p, as were Welsh, 245p, while dealers noted good interest in North West, 225p, and Yorkshire, 232p. Thames edged up to 218p, while the Water Package closed 15 points better at £2190.

Williams Holdings eased 9 to 274p after County NatWest reduced its profits forecast for the current year to £155m from £163m. County said the downgrade was due mainly to the impact of sterling's recent strength against the US dollar.

Siebe eased 12 to 458p having been down 18 at one stage on further consideration of its proposed acquisition of Foxboro, a US engineering company. One analyst said there was uncertainty about the valuation of Foxboro's intangible assets.

A Hoare Govett recommendation to buy "the better-financed house builders to take advantage of the inevitable cuts in interest rates," saw Persimmon improve to 188p and John Laing edge ahead to 293p.

Land Securities eased a penny to 526p as a busy 6.5m shares changed hands. An institution, believed to be from outside the UK, sold 2.75m shares, most of which were believed to have been placed. However, the stock remaining on marketmakers books kept the price depressed throughout the session.

Citygrove dropped 5 to 25p on suggestions that it might have trading difficulties. Mountleigh added 4 at 137p ahead of finals on Thursday.

Ever-volatile Hunterprint slumped 13 to 17p yesterday, with traders blaming end of account sellers in a thin market. Rival St Ives, unchanged at 220p, said it sold 100,000 Hunterprint shares on July 17, reducing its stake to 750,000, or 3.84 per cent.

■ Other market statistics, including the FT-Actuaries Share Index. Page 10.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	692	172	-1
ASDA Group	4,500	117	+2
Abbey National	1,400	227	+½
Allied-Lyons	721	502	+3
Amstrad	1,600	66½	+½
Anglian Water	1,800	152	+4
Argos	400	244	+1
Argyll Group	2,500	249	
Ass. Brit. Foods	792	415	
BAA	2,000	462	+3
BAT Inds.	2,300	634	+1
BET	1,300	269	+3
BICC	371	440	+2
BOC	980	592	+6
BPB Inds.	387	224	+2
BTR	1,800	432	
Barclays	3,500	408	-7
Bass	440	1116	+8
Beazer	236	184	
Berisford Int.	4,200	50	-3
Blue Circle	1,300	244	+2
Boots	827	302	+2
Brit. Aerospace	714	554	+4
British Airways	868	212	
British Gas	27,000	228	+5
British Land	87	314	-1
BP	11,000	334½	+7½
British Steel	6,900	143½	+1
British Telecom	7,400	303	-½
Bunzl	70	85	-1
Burmah Oil	1,100	658	+8
Burton	11,000	100	-1
Cable & Wire.	6,700	523	-12
Cadburys	576	362	-2
Calor Group	287	251	+2
Carlton Comms.	773	428	+2
Coats Viyella	855	125	+1
Comm. Union	226	521	+1
Cookson	672	192	+2

	Volume 000's	Closing Price	Day's change
Courtaulds	1,400	375	
Dalgety	105	379	
Dixons	397	150	+1
ECC Group	94	403	+3
Enterprise Oil	1,200	666	+10
FKI	711	71	+1
Ferranti	1,500	32½	+1
Fisons	858	383	+2½
Gen. Accident	1,800	530	
General Elect.	3,300	202	+1½
Glaxo	2,800	858	+10
Glynwed Int.	792	279	
Granada	394	230	+7
Grand Met	1,800	671	+13
GUS A	341	1008	
GRE	1,500	225	-5
GKN	2,200	462	-3
Guinness	759	812	+1
Hammerson "A"	80	705	+1
Hanson	5,700	240¼	+1½
Hanson Warrants	45	59	
Harrisons Crosfield	180	172	-1
Hawker Sidd.	532	558	-1
Hillsdown	642	231	-2
IMI	191	252	
ICI	1,000	1152½	+7½
Inchcape	685	277	
Kingfisher	238	356	+1
Ladbroke	7,300	374	-2
Land Securities	6,500	536	-1
Laporte	183	575	+3
Legal & General	463	431	+1
Lloyds Abbey	1,700	346	+6
Lloyds Bank	1,300	302	-5
LASMO	1,300	422	+14
Lonrho	4,600	277	+3
Lucas	466	152	-1
MB Group	1,400	225	-1
MEPC	75	518	

	Volume 000's	Closing Price	Day's change
Manpower	372	78	-1
Marks & Spencer	2,400	245	+3
Maxwell Comms.	1,600	167	-2
Mecca Leisure	475	80	-1
Midland Bank	859	302	
NatWest Bank	4,530	335	
Next	797	47	-1
North West Water	1,100	155	+4
Northern Foods	122	340	-1
Northumbrian Water	231	161	
Pearson	198	737	-3
P & O	858	642	+3
Pilkington	815	205	+3
Polly Peck Intl.	4,000	452	+14
Prudential	4,000	241	+6
RHM	203	340	-3
RMC	190	632	-2
RTZ	531	565	+1
Racal	2,000	206	+1
Racal Telecom	19	355	
Rank Org	567	768	
Reckitt & Colman	114	1314	+6
Redland	518	628	+3
Reed Intl.	239	471	-1
Reuters	855	1267	+18
Rolls Royce	9,408	222	-4
Rothmans	103	838	
Ryl Bk Scotland	1,800	171	
Royal Insurance	1,600	491	-6
STC	9,400	290½	+9½
Saatchi	52	82	-1
Sainsbury	1,200	303	+1
Scottish & New.	801	354	+7
Sears	1,600	93	+1
Sedgwick	379	221	-3
Severn Trent Water	1,500	134	+4
Shell Transport	4,200	484	+10
Siebe	884	458	-12
Slough Ests	488	288	+1

	Volume 000's	Closing Price	Day's change
Smith (W H) A	138	368	+6
Smith & Nephew	289	139	+1
SmKl Beecham	300	563	+7
SmKl Beecham Units	8	2570	+17
Smiths Inds.	288	228	-2
South West Water	246	157	
Southern Water	983	130	+1
Standard Chartd.	342	439	+1
Storehouse	2,600	125	+1
Sun Alliance	3,000	338	-5
Sun Life	187	1183	+15
T&N	182	177	-2
TI Group	172	518	-1
TSB	2,400	144	
Tarmac	336	260	-2
Tate & Lyle	753	303	-2
Taylor Woodrow	3,100	277	-5
Tesco	2,400	237	+1
Thames Water	2,500	147	+3
THORN EMI	323	759	+4
Trafalgar House	1,100	231	+1
Trusthouse Forte	553	297	+3
Ultramar	1,700	339	+5
Unigate	527	335	
Unilever	1,000	701	+3
United Biscuits	239	364	+1
Utd. Newspapers	669	346	+4
Water Package Uts.	4	£1493	+25
Wellcome	1,400	560	-10
Welsh Water	406	175	+5
Wessex Water	1,000	148	+1
Whitbread 'A'	798	454	-1
Wiggins Teape	2,100	215	-1
Williams Hldgs.	711	274	-9
Willis Faber	37	235	+1
Wimpey	2,500	237	-8
Yorkshire Water	1,000	181	+2

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (35).
BREWERS (1) Merrydown Wine, BUILDINGS (2) Lilley, Persimmon, CHEMICALS (1) Leigh Int., STORES (2) Argos, Pentos, ELECTRICALS (1) Control Tech., ENGINEERING (3) BM, Powerscreen Intl., Vicsadic, FOODS (3) Low (Wm), Matthews (B), Thorntons, INDUSTRIALS (8) Bimec Inds., Carbo, Computer People, Dolphin Pack., Eurocopy, Hepworth, Proteus Intl., Sanders & Sidney, INSURANCE (3) Lloyd Thompson, Lloyds Abbey Life, Utd. Friendly B, LEISURE (1) First Leisure, NEWSPAPERS (1) Johnston Press, SHOES (1) FH, TEXTILES (2) Allied Textile, Lamont, TRANSPORT (2) BAA, Cons. Freight., TRUSTS (4) Ashingworth, Edinburgh Fund Mgs., Equity Consort Dfd., TR City of London Dfd.,
NEW LOWS (58).
AMERICANS (4) Gt. Am. Bank, Hasbro, Houston Inds., NYNEX, CANADIANS (1) Central Cap., BANKS (1) Fuji Bank, BUILDINGS (1) Baldwin, STORES (2) Heritage, Propeller, ELECTRICALS (3) Cranbrook, Denmans, Ferrari, ENGINEERING (1) Senior Eng., FOODS (3) Berisford Int., Hunter Saphir, IAWS, INDUSTRIALS (14) ADG, Assoc. Energy, Barrett (Henry), Brooks Service, Dobson Park, Ferromet, Lynx, Marling, Medeva, Optrometrics, Scot. Heritable, Tubular Edgington, Wellcome, Williams (J.), INSURANCE (1) Sedgwick, LEISURE (5) Castle Comms., Chrysalis, Kunick, Trans World, Video Store, MOTORS (3) FR Grp., Lookers, Perry, PAPERS (1) Aspen Comms., PROPERTY (4) Egerton, Grainger, McInerney, Mowat, TRUSTS (6) Aitken Hume, Carlisle, Ensign, Do. B, Fleming Int. High Inc., New Frontiers Dev., OILS (3) Aviva, Bula Res., Tuskar, MINES (3) Bollo, Gold & Base, Greenwich Res., THIRD MARKET (2) Kella, UPL.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	0	0	98	107	193	192
Corps. Dom. & Foreign Bonds	5	0	18	22	10	83
Industrials	297	310	965	1,722	1,621	4,519
Financial and Props	122	128	492	754	669	2,279
Oils	24	22	42	103	137	200
Plantations	0	0	10	6	4	40
Mines	13	12	137	158	178	462
Others	37	54	154	278	403	534
Totals	498	526	1,916	3,150	3,215	8,329

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday 19 July 1990

Food Retailing	+	12.00	Capital Goods	-	3.99
Packaging & Paper	+	11.06	Health & Household Products	-	4.24
Agencies	+	7.81	Publishing & Printing	-	4.72
Brewers and Distillers	+	5.94	Oil & Gas	-	4.77
Chemicals	+	3.62	Electronics	-	4.79
Metals & Metal Forming	+	3.13	Investment Trusts	-	4.99
Stores	+	2.52	Food Manufacturing	-	5.09
Insurance(Life)	+	1.92	Financial Group	-	6.06
Conglomerates	+	1.37	Contracting,Construction	-	6.36
Engineering-General	+	1.16	Other Industrial Materials	-	7.06
Transport	+	0.26	Textiles	-	7.23
Consumer Group	-	0.63	Motors	-	7.40
Other Groups	-	0.73	Electricals	-	8.10
Building Materials	-	1.37	Overseas Traders	-	8.26
Engineering-Aerospace	-	1.43	Merchant Banks	-	8.33
Industrial Group	-	1.52	Insurance(Composite)	-	9.28
Banks	-	1.95	Property	-	11.03
500 Share Index	-	1.98	Leisure	-	12.95
Telephone Networks	-	2.17	Insurance(Brokers)	-	19.57
All Share Index	-	2.74	Gold Mines Index	-	19.57
Water	-	3.87			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-18	+5/32	12.39	12.46	12.45
		10.500	5/99	93-07	+11/32	11.75	11.81	11.71
		9.000	10/08	85-06	+10/32	10.87	10.88	10.71
US TREASURY *		8.875	05/00	102-20	+5/32	8.47	8.46	8.49
		8.750	05/20	102-08	+5/32	8.54	8.49	8.46
JAPAN	No 119	4.800	6/99	86.0548	-0.387	7.40	7.18	7.11
	No 2	5.700	3/07	89.9995	-0.415	7.00	6.87	6.70
GERMANY		7.750	02/00	95.7500	+0.100	8.39	8.52	8.83
FRANCE	BTAN	9.000	02/95	96.8998	+0.039	9.84	9.98	10.11
	OAT	8.500	03/00	93.6300	+0.170	9.52	9.65	9.74
CANADA *		9.750	05/00	94.4500	+0.050	10.67	10.75	10.88
NETHERLANDS		9.000	05/00	102.2500	+0.070	8.64	8.77	8.95
AUSTRALIA		12.000	7/99	94.0809	+0.199	13.14	13.29	13.56

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Metals down as strike fears fade

NORTH AMERICAN labour contract negotiations were the main focusses of attention on the London Metal Exchange this week. Expectations of a settlement at Cominco's Trail smelter in British Columbia set lead and zinc prices on a downward course early on; uncertainty about prospects for a settlement at Asarco's Ray mine in Arizona underpinned a basically weak copper market until tentative agreement was reached yesterday; and a strike threat at Alcan's Kitimat smelter in British Columbia helped the aluminium market to resist a bearish tendency.

Reports that a settlement was close at the Trail smelter, which produces 5.5 per cent of the western world's refined zinc and 2 per cent of its refined lead, sent LME prices of the two metals down sharply on Monday and Tuesday and both touched 4½-month lows. But Mr Robin Bhar, analyst at W.I. Carr, the London broker, described these falls as "a knee-jerk reaction" to the Cominco hopes. He said both markets remained finely balanced and "prices should soon stabilise."

And that is just what they did. By the time union and management negotiators reached a tentative settlement (on which workers were voting last night) late on Wednesday the markets had already begun to bounce.

Cash lead's £37.50-a-tonne fall of the previous two days had created an oversold situation and a wave of profit-taking purchases by operators who had sold short lifted the price by £11 yesterday. By last night's close it was quoted at £468.50 a tonne, down £24 on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	−4,200	to 158,825
Copper	+15,075	to 61,525
Lead	−175	to 43,275
Nickel	−906	to 7,658
Zinc	unchgd	at 39,650
Tin	−310	to 11,395

Meanwhile a dip below $1,500 a tonne in the three months zinc price uncovered substantial support and Wednesday saw a $28 rally in that position. The cash price, which fell to $1,522.50 a tonne on Tuesday ended the week $140 down at $1,572.50 a tonne.

The copper market also began with a sharp decline – £44 a tonne on Monday – and although the pace of the fall slackened the downtrend was maintained throughout the week.

Tuesday's announcement of a further 400-tonne drawdown from LME warehouse copper stocks was the twelfth bi-weekly fall in succession, but traders were already forecasting a reversal of that trend. And hopes were growing that negotiations to end a 2½-week strike at Asarco's 110,000-tonnes-a-year Ray mine could be near to success.

Yesterday morning the Asarco negotiators reached a tentative agreement, on which workers will be voting today, and predictions of an upturn in LME copper stocks were justified with a vengeance. Traders had been talking in terms of a 10,000-tonne rise but the actual figure was up 15,075 tonnes at 61,525 tonnes; and there were forecasts that a similar amount could arrive next week. Traders thought the sudden influx represented delayed shipments from South Africa and replacement of metal taken out during an "options-related squeeze" in May.

The bearish implications of the Asarco settlement and the stocks rise appeared to have been fully discounted, however, and the cash copper price closed yesterday at £1,493 a tonne, unchanged on the day and £88 down on the week.

Factors affecting the aluminium market were almost a perfect mirror image of those affecting copper. The market was steadied late in the week by news that workers at Alcan's Kitimat smelter had provided their negotiators with a strike mandate strike from Monday, when the current labour contract expires. And the moderate upward trend was reinforced by yesterday's announcement of another big fall in LME stocks. The cash aluminium price closed yesterday at $1,556 a tonne, up $7 on the day and $6 on the week.

The recent bull market in nickel lasted until Monday, when $525 rise pushed the cash price through the $10,000-a-tonne barrier. But with physical demand slackening and fund buying drying up the price back-tracked by $800 on Tuesday before rallying back to $10,000 a tonne yesterday, up $187.50 on balance. Dealers said US and European offtake aided the rally and the market was still underpinned by the month-old Eramet-SLN strike in New Caledonia.

Coffee traders were unmoved by the generally-anticipated announcement that next week's scheduled International Coffee Organisation meeting had been cancelled and the September futures position ended £7 up on the week at £560 a tonne. Sugar values fell further, however, as buyers stayed away.

Richard Mooney

APPOINTMENTS

Acquisitions chief for British Aerospace

Mr Martin Knight has become corporate development director of BRITISH AEROSPACE with responsibility for planning and the provision of advice with regard to mergers, disposals and acquisitions. He was a director of Morgan Grenfell & Co, in which capacity he worked with British Aerospace on a number of projects.

Mr Guy Liardet *(pictured)* has been appointed director of public affairs at the CHEMICAL INDUSTRIES ASSOCIATION. He was director of public relations (navy), Ministry of Defence, 1984-86, and most recently, commandant of the Joint Service Defence College, Greenwich. "To develop public trust in the chemical industry is my number one priority," he said.

■ Royal Insurance Asset Management, a subsidiary of ROYAL INSURANCE HOLDINGS, has appointed Mr Richard Johnson as a director, and Mr Steve Atkins, Mr Gerry Linehan and Mr Edward Robinson as associate directors.

■ At QBE INSURANCE (UK) Mr Richard Meuthen has been made director-liability for the UK and Europe. For eight years he has managed the liability operation of QBE Group in Australia.

Mr Philip Thwaites *(pictured)* has been appointed business development director at COMPASS, contract caterer. He was group marketing director, housing division, Heron Corporation.

■ CADOGAN MANAGEMENT has appointed Mr Andy McGarrick as director, marketing operations. He was marketing director at The Savings Corporation.

■ MIM Development Capital, unquoted investment arm of INVESCO MIM, has promoted Mr Ian Brown to director, and Mr William Brown to assistant director.

■ Mr John H. Nixon has been appointed company secretary of ALLIED LONDON PROPERTIES. He was previously with Conran Design Group and Heron International.

■ Mr Jim Davis has been appointed managing director of MISYS INSURANCE MARKETING, Peterborough.

WILTSHIER PARTNERSHIPS, Harmondsworth, a company formed by Wiltshier, a construction group, has appointed Mr Ian Aitken *(pictured)* as director and general manager. The new company will seek joint ventures with public bodies and local authorities, with the aim of building affordable housing. Mr Aitken was a director of Lovell Urban Renewal.

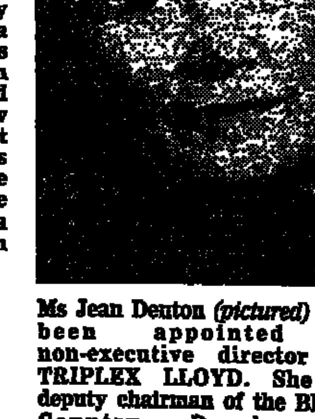
■ FOREIGN & COLONIAL PENSIONS MANAGEMENT has appointed Mr John MacLean as a director.

■ Dr Kevin McFarthing has been appointed director of research and development at SERONO DIAGNOSTICS, Woking, UK subsidiary of Ares-Serono Group. He was development manager, life sciences, at Amersham International.

■ Mr L.J. Weaver, executive chairman of Polymark International, and chairman of Jones and Shipman, has been appointed president of the INSTITUTION OF PRODUCTION ENGINEERS.

Schweppes Belgium managing director

■ SCHWEPPES BELGIUM, Genval, part of the Cadbury Schweppes Group, has appointed Mr Leslie Van de Walle as managing director. He was director of marketing and business development, and succeeds Mr Nick Thorne who is returning to the parent company in London as special projects director.



Ms Jean Denton *(pictured)* has been appointed a non-executive director of TRIPLEX LLOYD. She is deputy chairman of the Black Country Development Corporation, and a non-executive director of British Nuclear Fuels, London & Edinburgh Insurance Group, and Burson-Marsteller.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	49.34	49.82	53.00	-0.23	5.17
Gilts & Fixed Int	6	105.4	105.4	111.9	[illegible]	9.83
High Inc Equity	6	135.7	135.7	145.1	[illegible]	4.38
Worldwide Bond	6	186.6	186.6	198.0	-0.1	6.52
Capital Growth						
American Growth	6	181.6	183.3	195.0	-0.4	1.19
Asian Pacific	6	145.0	147.2	157.6	+0.1	0.00
Assets & Earnings	6	159.4	163.2	173.6	-1.6	2.79
Capital Reserve Acc	0	93.59	93.59	93.78		7.61
Capital Reserve Inc	0	78.66	78.66	78.80	[illegible]	7.61
Commodity & Energy	6	88.93	91.78	96.99	-0.11	0.00
Dividend & Growth	6	47.83	48.82	52.00		4.33
1992 Enterprise	6	63.36	64.70	68.82	-0.2	1.95
Euro Capital Acc	6	103.7	105.0	111.7	[illegible]	[illegible]
Euro Capital Inc	6	99.51	100.9	107.3	[illegible]	[illegible]
General	6	179.0	182.5	194.1	-0.6	2.58
International	6	61.23	62.02	65.97	-0.1	[illegible]
Japan	6	101.3	101.3	108.3	[illegible]	0.00
Mastertrust	6	89.87	89.87	96.11	-0.4	1.54
UK Growth Acc	6	177.6	185.4	197.2	-0.6	2.52
UK Growth Dist	6	116.0	121.1	128.8	-0.2	2.52
US Emerging Cos	6	57.53	58.81	62.56	[illegible]	[illegible]
Income & Growth	6	305.3	312.2	332.1	[illegible]	[illegible]
Ethical	6	48.32	49.49	52.64	[illegible]	[illegible]

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	31.05	31.16	33.25		2.32
European	5¼	91.39	91.55	97.7	[illegible]	0.00
European Income	5¼	87.64	87.81	93.74	[illegible]	[illegible]
Exempt	1	752.1	752.1	778.1	-0.5	3.22
Exempt Income	3¼	177.0	177.0	187.4		[illegible]
Exempt American	3¼	376.8	376.8	394.6	+0.1	[illegible]
Exempt Pacific	3¼	262.7	262.7	275.1	[illegible]	[illegible]

Brown Shipley & Co Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Recovery	6	42.50	42.50	45.26	[illegible]	0.68
Smaller Cos Acc	6	248.8	250.9	267.3	+0.10	–
Smaller Cos Inc	6	152.4	153.7	163.7	[illegible]	1.04

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	194.4	194.4	201.41	...	6.56

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Gwth	5¼	60.52	60.52	64.35	-0.04	3.45
(Accum Units)	5¼	63.53	63.53	67.34	-0.04	3.45
Fellowship Tst	5¼	63.11	63.69	67.76	+0.1	3.20
(Accum Units)	5¼	65.96	66.58	70.84	+0.1	3.20
General Inc	5¼	296.2	299.9	319.1	-1.2	3.51
(Accum Units)	5¼	515.7	522.1	555.5	-2.2	3.51
Income	5¼	160.9	163.4	173.8	...	3.99
(Accum Units)	5¼	[illegible]	[illegible]	[illegible]		3.99
International	5¼	101.4	101.4	107.5	+1.5	1.00
(Accum Units)	5¼	140.1	140.1	148.5	+1.9	1.00
Smaller Co's	5¼	103.5	105.3	112.1		2.30
(Accum Units)	5¼	116.0	118.0	125.6		2.30
Inv Portfolio	3	56.48	56.48	58.46	-0.15	2.47
(Accum Units)	3	59.22	59.22	61.29	-0.15	2.47
High Income Port	5	47.22	48.14	49.89	-0.01	4.96

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 071-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Short Dated Gilt	1¼	57.17	57.17	58.01	-0.01	6.84

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCF Sel High Inc Eqty	5¼	49.13	49.96	52.99	-0.19	5.94
[illegible]	5¼	49.21	50.06	53.26	-0.19	5.94
CCF Sel Intl Gwth	5¼	47.99	47.99	51.66	[illegible]	0.00
CCF Sel Inv Tst	5¼	48.86	50.17	53.38	[illegible]	1.96
CCF Sel Uk Smllr Cs	5¼	47.70	49.09	52.23	+0.12	2.25
[illegible]	5¼	48.06	49.46	52.63	+0.12	2.25

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 081-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	56.52	57.72	61.40	-0.24	2.86
Global Tst	5½	46.48	47.01	50.01	-0.11	0.35
Recovery Tst	5½	48.76	49.95	53.13	-0.03	1.92

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn SE1 2QL 071-234 6000

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	122.0	122.3	129.0	[illegible]	4.78

Midland Unit Trusts Ltd (1200)F
192 Eyre Street, Sheffield, S1 3RD 0742 529888

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
British Tst	6	63.66	64.09	68.55	-0.01	2.99
(Accum Units)	6	66.20	66.65	71.28	-0.01	2.99
Capital	6	107.6	107.6	115.1	-0.5	2.57
(Accum Units)	6	158.4	158.4	169.4	-0.8	2.57
European Growth	6	160.4	160.4	170.9	+0.2	0.82
(Accum Units)	6	197.8	197.8	210.7	+0.2	0.82
Extra High Inc	6	64.23	65.51	70.06	-0.07	7.25
(Accum Units)	6	93.73	95.56	102.2	-0.1	7.25
Gilt & Fxd Int	4	47.33	47.33	49.43	-0.02	9.63
(Accum Units)	4	101.8	101.8	106.3		9.63
High Yield	6	200.0	203.1	217.2	+3.1	5.62
(Accum Units)	6	405.5	411.7	440.3	+6.2	5.62
Income	6	247.2	250.1	267.5	-0.3	4.55
(Accum Units)	6	455.2	460.6	492.6	-0.5	4.55
Intl High St UT	6	59.77	59.77	63.93	-0.25	1.49
(Accum Units)	6	62.02	62.02	66.33	-0.27	1.49
Japan Growth	6	323.8	323.8	346.4	-5.0	0.00
(Accum Units)	6	340.4	340.4	364.1	-5.2	0.00

Phillips & Drew Unit Managers Ltd (1400)F
14 Finsbury Square, London EC2A 1PD 071-628 6070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Charities Fxd Int Jun 29	¼	96.16	96.16	96.53	...	10.4
Charities Intl Eq Jun 20	¼	100.2	100.2	100.6	...	2.6
UK Exempt July 19	¼	105.3	105.3	107.6	...	5.7
Charities Intl July 20	¼	119.8	119.8	121.9	+0.7	2.7

Pilgrim Unit Trust Mngmt Ltd (0830)F
39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ
Administration & Dealing:
Unit Trust Accounting & Management Ltd
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	6	46.60	46.73	49.72	-0.15	0.40
European	6	47.15	47.15	50.04	+0.04	0.00
Global	6	46.90	46.90	49.87	-0.13	0.5
Pacific	6	47.07	47.07	50.02	+0.02	0.00
UK Income & Growth	6	47.17	47.17	50.00	...	0.4

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ▼ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis, so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained at last column of the FT Unit Trust information pages.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

Thornhill Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1200)H

Tribune Fd Mngrs. Ltd. (1000)H

Tyndall Unit Tst Mngrs Ltd (1600)F

UK Unit Trust Managers Ltd (0905)F

UTAM Ltd (1300)F

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1300)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1330)F

Whittingdale Unit Tst Mgmt Ltd

Wilbro Financial Services Ltd (0905)F

Windsor Trust Mngrs Ltd (1200)F

Wright Seligman Fund Mngrs Ltd (1700)F

The Yorkshire Unit Tst Mngrs Ltd (1100)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Cent. Bd. of Fin. of Church of England‡

Charibond/Charishare‡ (1000)F

CAFINVEST—Charities Aid Foundation

COIF—Charities Official Inv Fd‡

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Pens Mngt Ltd

Funds in Court*

Henderson Unit Trust Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

MIM Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Closed to new business

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth 0202 292373

Acuma Life Assurance Ltd

The Glanty, Egham, Surrey TW2 9AT 0784 475333

AEtna Life Insurance Co Ltd

2-12 Pentonville Rd, London N1 9XD 0800 010575

Albany Life Assurance Co Ltd

3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

252 Romford Road, London E7 081-534 5544

For prices of Initial Units phone 01-534 5544.

Black Horse Life Ass. Co Ltd

Mountbatten Hse, Chatham, Kent. 0634 834000

Britannia Life Ltd

190 West George St, Glasgow G2 2PA 041-332 6462

CCL Assurance Ltd

74 Shepherds Bush Green, W12 8SD 081-740 7070

Canada Life Group

High St, Potters Bar, Herts, EN6 5BA 0707 51122

Cannon Assurance Ltd (z)

1 Olympic Way, Wembley HA9 0NB 081-902 8876

Citicorp British National

Perrymount Road, Haywards Heath 0444 414111

City of Edinburgh Life Assurance

2 Eyre Street Hill, London EC1R 5AE 071-278 4488

City of Westminster Assurance (z)

PO Box 469, 500 Avebury Blvd, Milton Keynes MK9 2NU

Clerical Medical/Fidelity International

Clerical Medical Investments Group

Narrow Plain, Bristol BS2 0JH 0272-290566

Clerical Medical Managed Funds Ltd

15 St James's Sq, London SW1Y 4LQ 071-930 5474

	Bid Price	Offer Price	+ or −	Yield Gross
Cash	267.4	267.4	....	–
Mixed	424.8	433.3	....	–
Fixed Interest	302.1	304.2	....	–
UK Equity	572.8	584.5	....	–
Property	233.0	243.5	....	–
Overseas	355.8	364.4	....	–
Index Linked	161.4	162.2	....	–
Stock Exchange	261.2	266.4	....	–

Prices on July 18 Unit dealings on Weds.

Colonial Mutual Group

24 Ludgate Hill, London EC4P 4BD 071-248 9861

Combined Insurance Co of America

15 Wheatfield Way, Kingston upon Thames, Surrey KT1 2PA 081-546 7733

Commercial Union Group

St Helen's, 1 Undershaft, London EC3 071-283 7500

Cornhill Insurance PLC

57 Ladymead, Guildford 0483 301720

Prices for other funds available on request.

Criterion Assurance Group

Sussex Court, Petersfield, Hants 0730 63281

For closed Fund unit prices ring 0730 63281

Crown Financial Management Ltd

Crown Hse, Woking GU21 1XW 0483 715033

Crusader Insurance Plc

Reigate, Surrey RH2 8BL 0737 242424

For Bowmaker Life Assce see Acuma Life Assce

Eagle Star Insurance Co Ltd

Bath Road, Cheltenham GL53 7LQ 0242 221311

Eagle Star Insur./Midland Assur.

60 St. Mary Axe, London EC3 071-929 1111

Economic Insurance Company Ltd

London Rd, Sittingbourne, ME10 1PE 0795 424321

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

19 New Rd, Brighton BN1 1WS 0273 724570

	Bid Price	Offer Price	+ or −	Yield Gross
Family A Managed	564.49	576.01	....	–
Family A Managed Ser 2	59.19	62.30	....	–
Family B Managed	355.94	363.21	....	–
Family B Managed Ser 2	59.63	62.77	....	–
Family C Brit	299.24	305.35	....	–
Family C Brit Ser 2	55.74	58.68	....	–
Family D Fixed Int	226.48	231.10	....	–
Family D Fxd Int Ser 2	46.36	48.80	....	–
Family Capital Mngd	320.13	326.66	....	–
Fmly Capital Mngd Ser 2	49.65	52.27	....	–
Family F Brit II	165.70	169.09	....	–
Family Growth Series 1	153.99	157.14	....	–
Family Growth Series 2	81.77	86.07	....	–
Fmly Guaranteed Gth	100.0	105.26	....	–
Family Performance Fd	93.51	98.43	....	–
Family Safety First Fd	57.18	57.18	....	–
Sovereign	47.5	50.0	....	–
Freeway Pension	63.48	66.82	....	–

Friends Provident

Castle Street, Salisbury, Wilts SP1 3SH. 0722 413366

Prices of Cap Uts and Other Funds on request.

GT Unit Managers Ltd

8th Floor, 8 Devonshire Sq, EC2 071-283 2575

Prices for Accum Units only

General Accident Linked Life Assce(z)

2 Rougier Street, York YO1 1HR 0904 628982

General Portfolio Life Insce Plc

General Portfolio House, Harlow, Essex 0279 626262

For other prices please telephone 0279 626262

Assicurazioni GENERALI SpA

117 Fenchurch St, London EC3M 5DY 071-488 0733

Gresham Unit Assurance Ltd

2-6 Prince of Wales Rd, Bournemouth 0202 752000

Growth & Sec. Life Assce. Soc. Ltd

Mill Green Rd, Haywards Hth, W. Sussex 0444 413307

Guardian Royal Exchange

Royal Exchange, EC3 071-283 7101

Hearts of Oak Insurance Group

Henderson Administration(z)

Henderson Administration—Contd.

Capital units prices available on request.

Hill Samuel Life Assur. Ltd

NLA Tower, Addiscombe Rd, Croydon 081-686 4355

Homeowners Friendly Society

PO Box 94, Springfield Ave, Harrogate. 0423 567355

Ideal Insurance Co Ltd

Moor Green Lane, Birmingham B13 8NG 021 449 4101

Interlife Assurance Co Ltd

149-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7566

Irish Life Assurance Co Plc

Victoria St, St. Albans, Herts, AL1 5TF 0727 48181

The LAS Group

10 George St, Edinburgh 031-225 8494

Lancashire & Yorkshire Assce Society

Moorgate Hall, Moorgate Rd, Rotherham. 0709-829191

Laurentian Life plc

Barnwood, Gloucester GL4 7RZ 0452 371371

Liberty Life Assurance Co Ltd

Station Rd, New Barnet 081-440 8210

	Bid Price	Offer Price	+ or −	Yield Gross
Sel Sec A	41.18	43.27	....	–
Managed	34.38	36.19	+0.38	–
Equity	30.28	31.88	+0.49	–
Blue Chip	45.84	48.26	+0.76	–
Special Sits	34.84	36.68	+0.72	–
International	44.21	46.54	+0.28	–
European Fund	14.06	14.80	+0.13	–
American	22.66	23.85	−0.02	–
Pacific	41.90	44.11	+0.18	–
Property	34.25	36.06	−0.01	–
Fixed Yield	24.99	26.31	+0.24	–
Indexed Linked Secs	13.94	14.68	+0.01	–
Deposit	23.32	24.55	+0.05	–

Lifetime Assurance Co Ltd

Bank Hse, St John's Rd, Harrow HA1 2EE 081-861 5999

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Security	95.5	100.6	....	–
Managed Growth	97.1	102.3	....	–
Managed Opportunity	97.3	102.5	....	–
Property	95.9	101.0	....	–
Fixed Interest	96.4	101.5	....	–
Cash	96.0	101.1	....	–
UK Equity	96.7	101.8	....	–
Intl Equity	98.8	104.0	....	–
Pension Funds				
Managed Security	95.0	100.0	....	–
Managed Growth	95.0	100.0	....	–
Managed Opportunity	95.0	100.0	....	–
Property	95.0	100.0	....	–
Fixed Interest	95.0	100.0	....	–
Cash	95.0	100.0	....	–
UK Equity	95.0	100.0	....	–
Intl Equity	95.0	100.0	....	–

London Indemnity & Gnl. Ins. Co Ltd

18-20 The Forbury, Reading 583511

London Life

100 Temple St, Bristol BS1 6EA 0272-279179

London & Manchester Group

Winslade Pk, Exeter EX5 1DS 0392 282246

M & G Life and M & G Pensions

Victoria Road, Chelmsford, CM1 1FB 0245 266266

MGM Assurance(z)

MGM House, Heene Rd, Worthing 0903 204631

MLA

1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

For other prices please call free: 0800 521546

Manchester Unity Assurance

40 Fountain Street, Manchester M2 2AB 061 832 9361

ManuLife Group PLC

St George's Way, Stevenage Enquiries 0438 356101

Merchant Investors Assurance Co Ltd

Part of the MI Group

91 Wimpole St, London W1M 7DA

Merchant Investors Assurance Co Ltd — Contd.

Bid Prices Only. Offer prices where applicable approx 5% higher.

Mercury Life Assurance Co Ltd

33 King William St, London EC4R 9AS 071-280 2800

	Bid Price	Offer Price	+ or −	Yield Gross
Portfolio	55.0	57.8	....	–
International	46.7	49.2	....	–
UK Equity	50.9	53.5	....	–
British Blue Chip	55.3	58.2	....	–
UK Income	49.9	52.5	....	–
Recovery	42.7	44.9	....	–
UK Smaller Cos	42.0	44.2	....	–
American	55.8	58.7	....	–
Japanese	48.5	51.0	....	–
Pacific Basin	52.7	55.4	....	–
European	60.9	64.0	....	–
Fixed Interest	49.9	52.5	....	–
Property	54.9	57.8	....	–
Bldg Society & Dep	54.9	57.8	....	–

Midland Life Limited

Norwich Hse, Commercial Rd, Southampton 0703 229929

	Bid Price	Offer Price	+ or −	Yield Gross
Adventurous Fd	55.5	58.5	−0.4	–
Balanced Fd	58.4	61.5	−0.1	–
Defensive Fd	56.9	59.9	−0.1	–
Secure Fd	57.0	60.0	+0.1	–
UK Equity Fd	68.5	72.2	−0.1	–
International Fd	56.8	59.8	−0.5	–
Money Market Fd	57.7	60.8	....	–
Fixed Interest Fd	50.2	52.9	....	–

NEL Britannia Assce Co Ltd

Milton Court, Dorking, Surrey 0306 887766

NEL Pensions Ltd

Milton Court, Dorking, Surrey 0306 887766

NM Life Assurance Ltd

Enterprise House, Portsmouth 0705 827733

Prices. Life Series 4 Acc; Pension Series C Acc July 19

N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Continued on next page

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Norwich Union Asset Management Ltd

Providence Capital Life Assc. Co Ltd – Contd.

Royal Life Insurance Ltd

Skandia Life Assurance Co Ltd – Contd.

Sun Alliance Group – Contd.

Windsor Life Assur Co Ltd

Sun Alliance International Life

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

FT MANAGED FUNDS SERVICE

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JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

US MARKETS (2pm)

[illegible]

CANADA (2pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

ITALY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

INDICES

NEW YORK

DOW JONES	July 19	July 18	July 17	July 16	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2993.81	2981.68	2999.75	2999.75	2999.75 (16/7)	2543.24 (30/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.08	91.00	91.12	91.26	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1172.63	1171.53	1187.59	1189.60	1212.77 (6/6)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	203.53	203.53	205.11	205.86	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3006.19 (3009.65) Low 2948.27 (2963.61)

STANDARD AND POOR'S	July 19	July 18	July 17	July 16	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	365.32	364.22	367.52	368.95	368.95 (16/7)	322.98 (30/1)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	433.20	431.53	435.58	437.37	437.37 (16/7)	371.92 (30/1)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	28.83	29.02	29.20	29.12	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	199.38	198.83	200.49	201.13	201.13 (16/7)	178.43 (30/1)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	361.84	362.06	364.39	365.58	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	458.18	460.82	464.48	469.60	469.60 (16/7)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	July 13	July 6	Jun 29	year ago (approx.)
Dow Industrial Div. Yield	3.62	3.71	3.74	3.63

	Jul 18	Jul 11	Jul 4	year ago (approx.)
S & P Industrial div. yield	2.87	2.90	2.92	3.17
S & P Indl. P/E ratio	17.29	17.13	17.00	12.85

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Tandem Comp	4,816,400	19¼	- 1¼
Wal-Mart	3,303,00	33½	- ¼
BankAmerica	2,798,700	26¼	- ⅜
Utd Telecomms	2,550,000	27¼	+ ½
Philip Morris	2,014,100	50¼	----
US Shoe	1,983,800	18	- 4¼
Am T&T	1,944,100	37½	+ ⅝
GTE Corp	1,784,700	27⅞	+ 1
Comp Assoc	1,599,800	9¼	- ¼
Exxon	1,526,100	50	+ 1½

TRADING ACTIVITY

† Volume Millions	July 19	July 18	July 17
New York	161.990	168.760	176.790
Amex	11.498	10.834	12.596
NASDAQ	182.563	158.989	167.810
Issues Traded	1,991	2,027	2,032
Rises	612	469	648
Falls	853	1,012	874
Unchanged	526	546	510
New Highs	31	33	76
New Lows	48	59	53

CANADA

TORONTO	July 19	July 18	July 17	July 16	1990 HIGH	1990 LOW
Metals & Minerals	3307.86	3296.25	3359.95	3403.00	3453.05 (4/1)	2850.80 (23/4)
Composite	3574.94	3580.80	3613.39	3638.85	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1865.43	1865.04	1880.74	1897.61	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 20	July 19	July 18	July 17	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1601.5	1607.4	1615.5	1624.0	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	777.9	780.9	785.8	787.0	860.8 (5/1)	711.7 (2/7)
AUSTRIA						
Credit Aktien (30/12/84)	672.28	670.58	669.88	658.41	703.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6311.18	6266.34	6257.23	6262.11	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	388.29	387.77	386.40	385.04	388.29 (20/7)	352.96 (25/4)
FINLAND						
Unitas General (1975)	534.8	533.4	533.8	532.7	677.3 (23/1)	532.7 (17/7)
FRANCE						
CAC General (31/12/82)	536.89	537.42	537.42	538.38	564.62 (30/5)	482.94 (26/2)
CAC 40 (31/12/87)	2030.60	2023.31	2029.60	2019.58	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	826.53	832.32	832.07	818.04	832.32 (19/7)	732.71 (24/1)
Commerzbank (1/12/53)	2386.40	2402.50	2400.80	2359.30	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1947.43	1957.24	1966.04	1929.80	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3540.43	3523.58	3528.29	3463.94	3540.43 (20/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1664.22	1660.85	1645.40	1646.33	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	745.45	745.17	746.02	736.20	763.52 (14/6)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	32421.52	33055.62	33048.11	33172.28	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2363.43	2393.08	2397.78	2407.31	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	4399.56	4384.89	4402.08	4431.50	4477.16 (16/7)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	625.79	629.53	630.27	631.13	631.13 (17/7)	518.53 (2/5)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	271.9	270.3	270.5	271.8	271.9 (20/7)	240.1 (26/2)
CBS All Shr (End 1983)	202.5	201.3	201.5	202.4	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	862.39	858.15	859.02	862.79	862.79 (17/7)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	889.16	888.48	882.22	897.17	1160.70 (21/3)	740.31 (6/6)
SINGAPORE						
SES All-Singapore (2/4/75)	443.05	443.36	444.37	446.32	446.87 (16/7)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1581.0	1521.0	1524.0	1548.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2940.0	2953.0	2958.0	2957.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	694.64	695.44	698.01	(c)	928.82 (4/1)	683.01 (16/7)
SPAIN						
Madrid SE (30/12/85)	305.17	303.98	303.45	308.10	309.74 (16/7)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1319.6	1318.3	1329.1	1321.5	1329.9 (5/7)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	827.1	826.3	828.2	(c)	845.5 (13/7)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	5194.39	5013.05	4777.84	4818.41	12495.34 (10/2)	4824.55 (5/7)
THAILAND						
Bangkok SET (30/4/75)	1131.44	1107.68	1095.28	1064.09	1131.44 (20/7)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	538.1	538.7	539.4	571.0 (4/1)	468.3 (2/4)

**Saturday July 14: Taiwan Weighted Price: 4813.07. Korea Comp Ex. 689.19

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Rising bonds lift Dow temporarily above 3,000 level

Wall Street

US STOCK PRICES traded in a narrow range yesterday morning, although the Dow Jones Industrial Average did briefly manage to breach the 3,000 barrier again, *writes Martin Dickson in New York.*

The afternoon expiration of July stock index futures and options – which could provoke powerful market volatility – meant that early trading activity was dull, with morning volume on the New York Stock Exchange reaching only 87.9m shares.

The Dow remained within a trading range of about seven points early in the session. After rising through 3,000 earlier, it stood at 2,996.29, up 2.48, at 2 pm. Advancing shares outnumbered declining ones by 698 to 605.

Equities gained a small degree of support from the bond market, where the benchmark 30-year Treasury issue was quoted at lunchtime at 102¼, up ⅛ to yield 8.533. This followed the Bank of Japan's overnight move to drain funds from the money market. However volume was very light and some dealers said the bond market had not been so thin for a couple of weeks.

Among blue chips, IBM was off $¼ at $119¼, while Boeing rose $½ to $59½. The aerospace company announced that it was in discussions with Aeritalia of Italy and Aerospatiale of French over the possible sale of a Canadian division.

Caterpillar rose $⅝ to $52¼, in spite of reporting second quarter earnings of 46 cents a share, down from $1.39 a year ago, and at the low end of analysts' expectations. Caterpillar had warned the market some weeks ago of the downturn, and said yesterday that its 1990 earnings were likely to be substantially below last year's.

American Brands, the diversified tobacco group, rose $⅝ to $70⅛ on news that its Master Brand Industries subsidiary had agreed to buy Moen, a manufacturer of kitchen and bathroom faucets, from the buy-out specialist Forstmann, Little. It also said it was planning to sell a Master Brand subsidiary called Waterloo Industries.

Navistar International dropped $⅛ to $4 following Thursday night's news that it is considering a counter-bid for Mack Trucks, which already faces a friendly offer from Renault of France. Browning-Ferris fell $1 to $42⅞ and was one of the most active stocks on the Big Board. The shares fell on Thursday following results that were below some analysts' expectations, and the plunge continued yesterday.

Storage Technology, a Colorado-based manufacturer of computer storage subsystems, plunged by $4⅞ to $28⅞ in brisk dealings before a trading halt was called. This followed its second quarter report, released late on Thursday, which produced figures in line with analysts' expectations, although the company did say that its US outlook for the year "appears somewhat less certain at this time."

Canada

TORONTO WAS encouraged by the early gains on Wall Street, and the composite index gained 13.6 to 3,488.5 by mid-session yesterday on thin volume of 9.5m shares. Advances led declines by 235 to 172.

Oil and gas shares rose slightly, with Ranger Oil up C$¼ at C$7¼, TransCanada Pipelines firming C$¼ to C$16⅞, Imperial Oil gaining C$⅝ to C$58⅝ and British Gas adding C$1¼ to C$47.

Among active stocks, Bank of Nova Scotia rose C$¼ to C$15, Bombardier firmed C$¼ to C$20, Laidlaw rose C$¼ to C$27⅞ and Canadian Pacific added C$¼ to C$20⅝.

SOUTH AFRICA

GOLD STOCKS slipped yesterday in quiet trading as the financial rand strengthened further. The JSE Gold index eased 20 to 1,501 and, among gold shares, Southvaal lost R1.50 to R113.50 and Kloof shed 75 cents to R35.50.

Bullion's uptick sets Canadian gold bugs jumping

A rise in gold stocks, however, has not enlivened the rest of Toronto's market, writes **Bernard Simon**

IT DOES not take much to bring Canadian gold bugs out of hiding. While the bullion price has sputtered back and forth between US$350 and US$360 an ounce, pricos of Canadian gold mining stocks have forged ahead by 10 per cent in the past two months.

Just as share prices plummeted *earlier this year* when gold bullion was sinking, the precious metal's irrepressible fans now appear to have regained a good deal of their confidence from a relatively modest uptick in the bullion price.

From a historical perspective, there is still plenty of room for improvement in share prices. The Toronto Stock Exchange's gold and silver index, which was hovering between 6,300 and 6,400 this week, is still far below its *late-*1987 peak of just over 10,000 (when the gold price was at US$460-$470).

The optimists note that while the closely-watched ratio between the TSE gold mines index and the bullion price now stands at about 17, the index could soar to as much as 22 times the metal price during moderately bullish periods, as was the case in January.

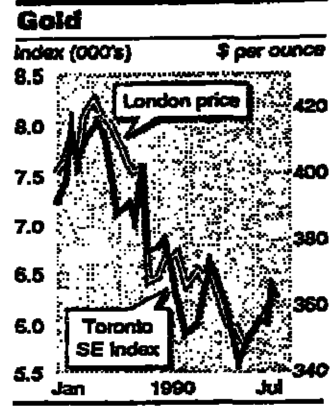
The risk is that the gold bugs could just as quickly retreat into hibernation again if the bullion market fails to fulfil their expectations.

Mr John Lydall, mining analyst at First Marathon Securities in Toronto, sounds a note of caution in his latest monthly report: "Unless the gold price moves up quickly in the months ahead, it may become evident that longer term investors are becoming less patient with companies which, in many cases, offer little growth, virtually no earnings, net cash flow or dividends." Some Canadian gold shares are now trading at remarkably high earnings multiples – over 40 times in the case of American Barrick, *Lac Minerals, Placer* Dome and Franco Nevada.

Several mines would have trouble making any money at all at the present bullion price, were it not for active hedging programmes. Pamour, Giant Yellowknife Mines and Quebec-based Cambior are seen as among the most vulnerable to a declining or even stagnant market. Giant's share price, for instance, is only fractionally higher than its C$6.88 (US$5.96) low of the past year.

The golds sector as a whole would look less glittering with-

Gold



out the exceptional performance of American Barrick, which these days is included in the dream portfolio of just about every North American metals analyst. At almost C$24, Barrick's share price is less than a dollar short of its all-time high, and has more than doubled since early 1989.

The excitement over Barrick centres on its Goldstrike mine in Nevada, where production is forecast to rise each year for at least the next five years, and reserves are expected to be augmented by the opening of a new northern section.

Thanks largely to Goldstrike, Mr Richard Cohen, analyst at BBN James Capel in Toronto, predicts that Barrick's output could rise from a targeted 565,000 ounces this year to between 1.5m and 2m ounces annually by the mid-1990s, with reserves of up to 40m ounces. Mr Cohen estimates that Barrick's current share price is only about eight times its likely 1992 cash flow.

Barrick has two other attractions. *First, extensive hedging* has ensured that its gold sales this year will realise an average minimum price of US$417 an ounce. Similarly, about three quarters of its 1991 and 1992 output has been hedged at prices of well over US$400.

Second, all Barrick's mines are in North America, one of the *factors* that has made it more appealing to investors than Placer Dome, which has increasing offshore exposure through its interest in mines in Australia, Pagua New Guinea and Chile. Placer's share price stood just above C$19 this week, still well below its 1987 peak of C$28.25.

Eager to lay its hands on more North American reserves, Placer has recently been bidding against Corona Corp of Toronto for control of British Columbia's promising Eskay Creek gold deposit. But the prospect of winning Eskay Creek has not done either company's share price much good.

Corona, which presently seems to have the upper hand in the drawn-out battle, is now trading at C$7.50, not far above its low point for the past year. *Investors appear to be* confused by a succession of complicated offers and restructuring proposals, and nonplussed by its plan to pay for much of its stake in Eskay Creek by issuing a large number of new shares.

The recovery in gold issues has not been sufficient to give the Canadian market as a whole the zip recently seen in New York. While the Dow Jones index spurts from one record to another, the Toronto Stock Exchange's 300-share composite index, now hovering around the 3,600 mark, is still 12 per cent below its all-time peak of 4,113 reached in August 1987.

The recent recovery in golds has not been shared by other resource sectors, where low commodity prices and poor earnings have kept a lid on share prices. The three forest products giants, Abitibi-Price, Canadian Pacific Forest and MacMillan Bloedel, each slipped another few cents this week after reporting steep falls in second-quarter earnings.

Bottom-fishers could have a field day in the weeks to come as *more hard-hit forestry, oil* and gas, and base metal producers report their earnings. Mutual fund guru Sir John Templeton, who was in Montreal and Toronto this week, said his funds were raising their exposure to Canada, precisely because most other investors were selling.

EUROPE

Bourse performance enhanced by oil price prospects

BOURSE PERFORMANCE was mixed on the day yesterday, but mostly up on on the week, with a number of markets encouraged by oil price prospects, *writes Our Markets Staff.*

PARIS picked up after better-than-expected trade figures for June. The CAC 40 index rose 7.29 to 2,030.60 after a day's low of 2,017.50, for a rise on the week of 1.6 per cent. Turnover was estimated at closer to FFr3bn than Thursday's FFr2bn.

The trade deficit of FFr1.03bn last month compares with a revised deficit of FFr5.54bn for May. One analyst said, however, that although the deficit news had helped, confidence had been building up for a few days.

Lafarge Coppée ended FFr7.40 higher at FFr489.90, after reaching a high of FFr908, in busy trading of 226,260 shares. This was in spite of expectations of a particularly poor first-half showing by Lafarge Corp after the market closed. Among other features, Eurotunnel gained 90 centimes to FFr53.20 in volume of 1.36m shares on a belief that progress with the tunnelling was making the stock less risky.

Oil stocks benefited from hopes of higher oil prices, with Elf Aquitaine rising FFr13 to FFr701 with 199,000 shares changing hands.

Sextant Avionique, the avionics business owned by Thomson-CSF and Aerospatiale, added FFr18 to FFr710 on expectations of good results from its aircraft business.

Skis Rossignol made the day's biggest loss, falling FFr48 to FFr960 after forecasting an annual loss of FFr85m.

Bernard Tapie Finance rose FFr75.50 to FFr220 on the second market. It was requoted after being suspended for more than a week, since Mr Bernard Tapie said he was taking an 80 per cent stake in West Germany's Adidas.

FRANKFURT combined sector rotation, speculation, profit-taking and the last day of the July options account as the FAZ and DAX indices fell by 5.79 to 826.53 and by 9.81 to 1,947.43, up 1 per cent and 0.8 per cent on the week respectively. Volume fell from DM10.8bn to DM7.5bn

There were more gains in steels, where Hoesch rose another DM6.80 to DM358.80 for a three-day improvement of DM18.80, and in some engineering stocks; profit-taking in banks saw Deutsche Bank DM7 lower at DM827 and chemicals eased further after their belated improvement recently.

Massa, the discount retailer, brought out the speculators as it sold 10 per cent of Asko, its fellow retailer, to Lonrho for DM281m. Massa had started the week at DM395, but collapsed after Wednesday's report that its 1989 group net profits slumped from DM56.9m to DM9.9m. Yesterday it rebounded by DM30.50 to DM394.50; a big West German bank has forecast a rapid recovery in earnings.

Meanwhile, Linotype, which topped DM1,000 early in May on rumours of a Siemens bid – and fell below DM900 when it took over a Siemens subsidiary instead – added to its recovery yesterday, rising DM10.50 to DM960 on thoughts that Siemens might go for a full bid in the long run.

BRUSSELS had a busy day before its long weekend, as domestic and foreign demand lifted the cash market index 44.84 to 6,311.18 in turnover of BFr1.4bn. The index rose 1 per cent over the week.

Wagons-Lits, the travel and leisure group, continued to advance, but closed off its high of BFr12,975 at BFr12,250, up BFr225, with 37,375 shares traded. Petrofina, the oil group, gained BFr175 to BFr11,975 on optimism about the oil sector.

MILAN came out ahead, with the Comit index only 0.28 higher at 745.45 yesterday, but 1.8 per cent up on a week which absorbed the resolution of financial problems at a local broker. Volume was estimated at below Thursday's L260bn.

ZURICH emerged from its profit-taking with the Crédit Suisse index up 2.3 on the day, but 0.5 per cent lower on the week at 676.9. The market overcame early volatility on the expiry of options, and selective interest in banking and insurance underpinned the index.

MADRID advanced again after a spell of profit-taking in midweek. The general index gained 1.27 to 305.17, slightly down on the week. Telefónica gained Pta15 to Pta970 on 4.07m shares, including a block of 1m shares traded at Pta965 in the morning.

AMSTERDAM saw light trading, but sharp movements in some stocks as the CBS Tendency index rose 0.6 to 122.6, 1.2 per cent better on the week. The most active stock was Royal Dutch, which gained Fl 2.20 to Fl 149.60 after the stock had risen in New York overnight on better oil prices.

Pakhoed, the transport company, rose Fl 6.30 to a record Fl 216.50 on a Fl 65m chemical storage venture with Powell Duffryn of the UK.

OSLO rose on optimism about oil prices, and the economy. The all-share index rose 3.11 to 638.37, slightly higher than the previous Friday, in turnover of NKr383m. **COPENHAGEN** edged to another record, the bourse index adding 0.52 to 388.29, up 2 per cent on the week.

ISTANBUL reached a record high in active trading, with the 50-share market index up 103.84, or 2.4 per cent, at 4,424.29, passing the previous high set on Wednesday. Foreign demand, high liquidity in the Turkish lira market and good company results were said to be behind the rise.

NICOSIA hit another record high last week as the Cisco index of Cyprus shares jumped 24.7, or 10.1 per cent, to 269.0 with analysts noting particular strength in the banking sector.

ASIA PACIFIC

Interest rate worries undermine Nikkei

Tokyo

SHARE PRICES plunged in Tokyo yesterday as interest rate worries continued to cloud the market. Investors were also discouraged by news of the arrest of a major stock speculator, *writes Michiyo Nakamoto in Tokyo.*

The market also suffered from index-linked selling as lower future prices induced arbitrageurs to unwind their positions.

The Nikkei average fell sharply just after the start of trading and continued to weaken. By the close the Nikkei had fallen 634.10, or 1.9 per cent, to 32,421.52 – the first time in five trading days that the Nikkei had finished below 33,000, and its largest fall since its 750.74-point loss on April 16.

The Nikkei reached a day's high of 33,022.72 and a low of 32,416.77. Losers outpaced gainers by 738 to 224 while 159 issues were unchanged. Turnover sank to 500m shares from 600m on Thursday.

The Topix index of all listed stocks lost 29.65 to 2,363.43, but *the second section index* gained 14.67 to 4,399.56. In London trading, the ISE/Nikkei 50 index fell 11.79 to 1,770.37.

Rumours of an increase in the official discount rate returned to haunt the market *as the Bank of Japan* announced a high money supply growth figure for June. Mr Yasushi Mieno, Governor of the Bank, has repeatedly said that a high money supply growth rate, as well as a tight labour situation, might lead to inflation.

The arrest of Mr Mitsuhiro Kotani, a well-known stock speculator, on charges of alleged stock price manipulation of Fujita Tourist Enterprises undermined interest in other speculative stocks. Iwasaki Electric lost Y40 to Y1,640 and Kokusai Kogyo, the aerial surveying contractor taken over by Mr Kotani, dropped Y30 to Y2,310. Tobishima Corp, the construction company, fell Y80 to Y1,680. A subsidiary of Tobishima was mentioned in relation to the stock price manipulation of Fujita Tourist.

Banks were sharply lower on interest rate concerns. Industrial Bank of Japan dropped Y200 to Y3,900 and Mitsubishi *Bank lost Y60 to Y2,290.*

Some issues with special incentives were strong. Ajinomoto, which rose on Thursday on good reports of its cancer drug, topped the actives list with 20.7m shares and rose Y40 to Y2,460.

In Osaka, broad-based selling took the OSE average 232.54 lower to 36,499.66. Volume slipped to 37m shares from Thursday's 56m.

Roundup

HOWEVER hesitant they may be in their own market, there was a strong suggestion that Japanese investors were active in Hong Kong yesterday.

HONG KONG hit its 10th *post-crash high in three weeks.* Strong overseas buying in the afternoon again overwhelmed early profit-taking, and the Hang Seng index rose 16.85 to 3540.43, 0.9 per cent higher on the week.

Turnover dipped from HK$2.49bn to HK$2.33bn. Property shares posted the sharpest gains, followed by moderate advances among utility and commercial and industrial issues. Cheung Kong (Holdings) rose 40 cents to HK$14.20 *and Hongkong Land climbed 20* cents to HK$9.25.

TAIWAN continued its rebound, the weighted index rising 181.34 or 3.6 per cent to 5,194.39, 7 per cent higher on the week. Volume rose from *T$50.3bn to T$78.8bn, inflated* by position adjustments and some profit-taking.

BANGKOK recorded its third consecutive record high, the composite index rising 23.76 to 1,131.44, 7.4 per cent higher on the week. The rally was led by banks and finance houses.

SINGAPORE finished weaker but off its day's lows, with the Straits Times industrial index down 5.01 at 1,562.55, little changed from the previous Friday. Hotel Plaza, *which was listed on Wednes*day, was the most active stock with 11.3m shares traded, closing unchanged at S$1.12, up from its offer price of 70 cents.

AUSTRALIA slipped in thin volume, with the All Ordinaries index down 5.9 at 1,601.5, almost unchanged on the week. BHP fell 15 cents to A$10.60 on 1.82m shares.

SEOUL was mixed after Thursday's news that the North/South Korea border is to be opened. The composite *index rose 1.20 to 694.64, up 0.9* per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 19 1990								WEDNESDAY JULY 18 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	149.92	−1.3	122.43	140.26	128.14	126.94	−0.5	5.48	151.91	123.71	141.39	129.80	127.61	158.31	125.85	137.20
Austria (19)	274.03	−0.6	223.78	256.37	234.22	233.76	−0.4	1.24	275.70	224.53	256.62	235.57	234.78	285.83	193.15	123.38
Belgium (61)	153.33	+0.2	125.21	143.43	131.05	127.99	+0.2	4.53	153.02	124.62	142.42	130.75	127.74	160.02	132.11	131.16
Canada (119)	140.49	−0.1	114.73	131.43	120.07	117.35	+0.0	3.45	140.62	114.52	130.88	120.14	117.40	153.61	130.37	146.20
Denmark (33)	270.45	+0.4	220.86	253.02	231.16	229.80	+0.4	1.26	269.39	219.39	250.75	230.18	229.00	270.45	236.69	210.41
Finland (26)	134.50	+0.3	109.83	125.83	114.96	108.35	+0.3	2.53	134.03	109.15	124.76	114.52	107.99	152.29	129.99	139.75
France (124)	161.23	−0.3	131.66	150.82	137.79	139.48	−0.3	2.94	161.74	131.72	150.54	138.19	139.92	168.85	141.69	125.65
West Germany (92)	142.05	+0.1	116.00	132.91	121.41	121.41	+0.1	1.86	141.96	115.61	132.15	121.30	121.30	142.05	122.05	94.80
Hong Kong (48)	145.91	+0.1	119.15	136.50	124.71	145.50	+0.1	4.31	145.71	118.66	135.62	124.51	146.29	145.91	112.24	105.72
Ireland (17)	189.74	+1.3	154.95	177.51	162.17	163.72	+1.2	2.68	187.40	152.61	174.43	160.12	161.84	198.57	172.72	147.88
Italy (96)	107.41	−0.2	87.71	100.48	91.80	96.56	−0.2	2.43	107.62	87.65	100.17	91.95	96.75	109.26	91.85	91.64
Japan (454)	154.29	−0.7	126.00	144.34	131.89	144.34	−0.2	0.58	155.35	126.52	144.60	132.76	144.60	197.26	124.40	178.87
Malaysia (35)	250.89	+0.8	204.89	234.71	214.44	261.38	+0.9	2.07	248.91	202.71	231.67	212.68	259.17	250.89	204.15	189.97
Mexico (13)	539.98	+1.5	440.96	505.17	461.53	1697.35	+1.4	0.31	532.24	433.45	495.41	454.78	1673.62	649.86	324.53	263.38
Netherland (43)	145.71	−0.1	118.99	136.31	124.54	123.16	−0.1	4.58	145.80	118.74	135.71	124.58	123.28	146.36	130.43	125.86
New Zealand (17)	70.30	−0.4	57.41	65.77	60.08	62.99	−0.4	6.96	70.60	57.50	65.72	60.33	63.25	75.36	59.57	66.04
Norway (23)	248.69	−0.2	203.09	232.66	212.56	212.66	+0.0	1.49	249.17	202.92	231.93	212.91	212.73	250.28	202.34	189.68
Singapore (25)	207.14	−1.0	169.16	193.79	177.04	173.30	−1.0	2.08	209.19	170.36	194.72	178.74	175.02	209.24	179.70	168.03
South Africa (60)	178.34	+0.1	145.64	166.84	152.43	154.39	−0.3	3.85	178.14	145.08	165.81	152.21	154.83	251.39	170.00	146.61
Spain (42)	180.30	+0.6	147.24	168.68	154.11	137.41	+0.4	4.00	179.21	145.95	166.81	153.13	136.85	182.25	132.84	151.57
Sweden (34)	229.54	−0.3	187.44	214.74	196.19	202.18	−0.1	2.00	230.17	187.44	214.24	196.67	202.48	232.74	173.89	178.19
Switzerland (68)	107.02	+0.2	87.39	100.12	91.48	93.52	+0.3	2.21	106.82	86.99	99.43	91.28	93.28	109.77	88.75	85.57
United Kingdom (303)	174.71	−0.8	142.67	163.43	149.31	142.67	−0.6	4.78	176.18	143.48	163.97	150.52	143.48	176.18	139.87	154.10
USA (539)	147.47	+0.3	120.43	137.97	126.05	147.47	+0.3	3.30	147.02	119.73	136.85	125.62	147.02	148.95	130.61	135.68
Europe (961)	156.14	−0.3	127.51	146.07	133.46	130.55	−0.2	3.52	156.66	127.58	145.82	133.86	130.84	156.66	135.67	127.17
Nordic (116)	216.81	+0.0	177.05	202.84	185.31	180.01	+0.1	1.68	216.78	176.54	201.77	185.22	179.87	216.81	185.01	171.28
Pacific Basin (659)	153.69	−0.7	125.51	143.79	131.36	143.45	−0.2	0.89	154.75	126.03	144.05	132.23	143.71	192.75	124.63	174.51
Euro−Pacific (1640)	155.10	−0.5	126.66	145.09	132.56	138.83	−0.2	1.97	155.94	127.00	145.14	133.24	139.11	174.18	130.35	155.71
North America (658)	146.95	+0.3	120.00	137.49	125.62	145.47	+0.3	3.30	146.53	119.33	136.40	125.22	145.05	148.43	131.02	136.40
Europe Ex. UK (678)	143.46	+0.0	117.15	134.24	122.65	122.86	+0.0	2.70	143.46	116.84	133.56	122.61	122.86	143.46	124.81	110.28
Pacific Ex. Japan (205)	145.72	−0.7	119.00	136.35	124.58	129.48	−0.3	4.75	146.72	119.49	136.59	125.38	129.83	146.72	122.63	122.23
World Ex. US (1832)	155.06	−0.5	126.63	145.07	132.54	138.65	−0.2	2.03	155.86	126.93	145.09	133.18	138.92	173.77	131.30	155.35
World Ex. UK (2068)	148.93	−0.2	121.62	139.34	127.31	141.35	+0.0	2.19	149.19	121.49	138.87	127.48	141.29	162.00	130.80	146.71
World Ex. So. Af. (2311)	151.05	−0.2	123.35	141.33	129.12	141.33	+0.0	2.45	151.42	123.31	140.95	129.39	141.37	161.84	131.95	147.37
World Ex. Japan (1917)	151.13	+0.0	123.42	141.40	129.19	140.10	+0.1	3.45	151.13	123.08	140.69	129.16	140.02	151.59	134.62	132.59
The World Index (2371)	151.22	−0.2	123.49	141.47	129.26	141.43	+0.0	2.46	151.58	123.44	141.09	129.53	141.46	162.05	132.25	147.36

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

BRITISH FUNDS—Contd

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	209	ANZ SA1	230	.....	44c	1.4	8.6	8.2
229	172	Abbey National 10p	227	+½	5.7	4.5	3.3	9.2
*274	210	Allied Irish Ord	223	+1	Q40%	3.3	4.2	9.6
£13½	£10⅞	Algemene Fl.10	£11½	.....	Q28%	2.1	7.5	6.2
85	63	Anglo Irish	68	.....	[illegible]	2.7	6.5	9.3
93	68	Ansbacher (H.) 1p	93	.....	2.5	1.3	3.6	26.8
£71½	£54½	Bancaire Cie Fr100	£58½	.....	[illegible]	–	2.2	–
£22½	£16⅝	Banco Bilbao Viz.	£19½	.....	Q49.1%	2.7	4.3	12.6
£31	£24½	Banco de Santander	£29	.....	Q25%	2.4	3.8	10.8
286	214	Bank Ireland IrE1	227	+3	Q14.7%	2.9	6.1	7.6
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
350	320	Bank Leumi (U.K.)	350	.....	†13.5	–	4.8	–
125	104	Bank Scotland	117½	–½	4.55	3.3	5.2	7.8
100¼	83¼	Do. 9¼pc Irrd Pf.	96½	.....	9¼%	–	12.6	–
54	39	Bank of Wales	52	.....	2.8	0.8	7.2	25.0
428	352	Barclays £1	408	–7	b19.57	3.5	6.4	5.7
22	12	Benchmark 20p	14	.....	1.63	1.0	15.5	8.0
335	310	Brown Shipley £1	310	–3	12.0	2.2	5.2	10.0
*435	341	Cater Allen £1	367	+1	N24.5	–	8.9	–
179	112	Chancery	117	+3	9.0	2.7	10.3	4.7
£23¼	£18¼	Commerzbk DM10	£20½	–⅛	Q18%	–	3.0	–
£13⅝	842	Dai Ichi KBk Y50	889	–6	Q17%	♦	0.4	♦
£33¼	£26¼	Deutsche Bk DM50	£28¼	.....	Q28%	–	1.7	–
£20¾	£18⅛	Espirito Santo	£18¼	+⅛	Q75c	5.1	2.4	–
253	183	First Nat. Fin. 10p	202	+4	13.0	2.1	8.6	6.9
121	96	FNFC 6.3pc Cv. Pf.	101	+3	6.3%	–	8.3	–
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	458	.....	3.5	10.8	1.0	12.0
229	188	Airflow Streamlines	198	.....	6.0	3.9	6.2	8.1
190	145	Bostrom 5p	188	.....	5.75	3.2	4.3	8.2
266	191	Clarety 50p	222	–2	9.8	♦	5.5	♦
239	145	F R Group	143	–8	6.37	3.2	5.9	6.8
135	63	Kwik-Fit Hldgs. 10p	73	–1	2.4	1.7	4.9	17.8
174	142	Lucas Inds	153	–1	10.25	3.0	5.5	6.9

Garages and Distributors

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p	26	–1	1.0	3.0	5.6	7.2
135	110	Appleyard 10p	118	.....	7.8	2.4	9.5	5.1
110	75	Bletchley Motor 20p	80	.....	7.5	1.9	12.5	5.7
568	487	Caffyns 50p	425	.....	11.5	0.3	3.2	–
121	98	Central Motor Auctns	100	.....	13.25	3.0	4.1	10.6
61	26	Cook (D C) Hldgs	38	–2	11.33	–	–	–
89	33	Cowie (T.) 5p	54	–1	4.2	2.2	10.0	5.3
95	68	Dagenham Motors 10p	73	.....	5.2	2.8	9.6	5.0
90	81	Davenport Vernon 10p	91	.....	3.5	3.6	5.1	6.4
29	16	Equity & Gen 5p	20	.....	11.5	1.7	10.0	(7.1)
247	169	Evans Halshaw	167	.....	11.25	2.4	8.0	6.8
113	85	Gates (F.G.)	100	.....	2.75	1.9	3.7	18.8
161	106	Gowrings 10p	108	.....	5.63	1.3	7.0	12.1
167	118	Hartwell	154	.....	3.6	♦	3.1	♦
81	56	Jacks Wm	56	–1	2.0	1.0	4.8	28.1
118	75	Jessups	76	.....	7.0	2.5	12.3	4.3
297	237	Lex Service	255	+1	15.3	2.6	7.9	6.6
147	89	Lookers	90	–1	6.2	9.9	9.4	3.6
43	31	Malaga Group 10p	34	.....	2.0	♦	7.4	♦

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
809	675	Hammerson "A"	785	+1	19.5	1.4	3.7	24.0
113	55	Hanover Druce 10p	70	.....	2.0	♦	3.8	♦
675	475	Harcarger Prop 10p	525	.....	28.13	2.9	7.1	6.0
285	195	Helical Bar 5p	211	.....	10.0	4.0	6.3	5.2
81	60	Do 5¼pc Cv Pf '22	61	.....	5¼%	–	11.5	–
177	145	Imry 10p	155	.....	5.75	3.3	4.9	7.9
67	55	HK Land Hldgs	64	.....	Q48c	♦	5.3	♦
18½	11½	INOCO 10p	19	.....	–	–	–	–
250	225	Jermyn Invest	250	.....	3.0	16.9	1.6	4.9
35	30	Key City Prop	35	.....	–	–	–	–
549	458	Land Securities £1	526	–1	17.0	1.4	4.3	21.7
£91¼	£76½	Do 10pc 1st Mt Db 2025	£82¼	–⅛	Q10%	–	12.1	–
£92	£76½	Do 11pc 1st Db 2030	£82¼	+⅛	Q10%	–	12.1	–
670	560	Land Lease 50c	633	.....	Q69c	1.9	5.0	10.8
£95	£79¼	Do 6½pc Cv Sb 2002	£87¼	.....	Q10½%	–	11.7	–
158	46	Lewis & Sturgis 5p	43	–3	6.65	2.9	14.1	3.0
48	29	Lon. Securities 15p	40	.....	1.5	♦	5.1	♦
81	49	Do. 6¾pc (Net) Cv	63	–1	8.25	–	17.5	–
549	464	MEPC	518	.....	117.0	1.7	4.4	16.9
82	54	Markheath	60	.....	6.0	♦	14.3	♦
43	17	Marylebone Ests 5p	26	.....	3.0	1.8	15.4	4.8
230	40	McInerney 10p	40	–12	Q34.7%	–	8.2	–
175	120	McKay Secs 20p	145	.....	15.3	1.6	4.9	14.4
27	17	Merchant Mall Ests	12	.....	1.0	–	11.1	–
436	297	Merivale Moore 5p	303	–5	10.5	5.0	4.6	5.8
63	11	Merlin Intl Props	12	.....	2.0	–	22.2	–
71	28	Mirkelgate Grp. 1p	29	.....	12.25	3.4	10.3	3.4
59	36	Molyneux Ests	41	.....	–	–	–	–
107	59	Mountview Estates 10p	61	.....	3.75	4.0	8.2	4.0
163	127	Mountleigh	137	+4	4.75	2.4	4.6	12.2
94	78	Do. 5.25pc Cnv Pf	80	.....	5.25%	♦	8.7	–
1200	900	Mountview Ests. 5p	915	.....	11.5	♦	1.7	♦
40	20	Mowat Group 10p	21	.....	11.2	4.8	7.6	3.6
124	110	Muckow (A & J.)	116	.....	14.46	1.5	5.1	16.2
63	52	New Cavendish 5p	53	.....	–	–	11.1	–
27½	17½	New Eng. Props 5p	25½	.....	1.0	2.3	5.7	8.6
19	12	Oxsory Estates 5p	12½	.....	10.75	2.3	8.0	7.2
237	160	Palmerston Hldgs.	170	.....	8.78	♦	7.1	♦
238	125	Peel Hldgs	150	.....	10.0	♦	9.3	♦

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£22¼	£18¼	Hamilton Oil Corp	£21⅛	.....	Q10c	–	0.3	–
210	162	Hardy Oil & Gas 50p	180	+1	–	–	–	17.4
138	120	Hunting Pet Srvcs	121	–½	–	–	–	–
27	15½	KCA Drilling 1p	16½	+½	–	–	–	♦
35	11½	Kelt Energy 10p	15½	–1	–	–	–	–
60	18	Do. 6pc Cv Prf	21	–3	6%	–	36.4	–
148	111	Lasmo Oil & Gas 50p	138	+2	a1.11	4.5	1.1	20.8
425	360	LASMO	422	+14	17.5	1.6	2.4	30.7

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

MINES — Contd

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
17	11¼	Anglo-Dominion	12	.....	–	–	–
651	266	Bond Intl. Gold	371	+7	–	–	–
37	14	Butte Mining 10p	14	–1	–	–	–
44	15	Calby Res Corp	19	.....	–	–	–
122	33	Cons. Murch. 10c	33	.....	Q30c	5.5	23.1
26	4	DRX Inc	4	.....	–	–	–
24½	9½	Emmex Intl. 10p	9½	–½	–	–	–
90	55	Europa Minerals 2p	55	.....	1.0	–	2.2

THIRD MARKET

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
83	61	Poddington 5p	77	.....	–	–	–	–
118	65	Ransden's (Harry)	85	.....	L4.5	♦	7.1	♦
60	30	Rentaminster 5p	33	.....	ta1.85	2.8	‡	6.5
14	11	Scott Pickford 10p	13	+1	0.43	♦	4.5	♦
38	11	Sempernova	15	+1	–	–	–	3.3
36	24	Sleepy Kids 5p	29	–1	–	–	–	–
2¼	1½	Swangard Studios 1p	1½	.....	–	–	–	–
3½	1¼	Systems Connections	2¼	.....	–	–	–	–
94	58	Tomorrows Leisure 20p	58	.....	–	–	–	22.1
55	27	UPL Group 10p	27	–7	‡2.75	1.9	‡	5.1
181	128	Unit Group	180	.....	5.0	♦	3.7	♦
89	55	Video Magic Lels. 1p	55	.....	W2.0	0.7	4.8	44.1
6¼	3¼	Vista Ents 5p	4	.....	–	–	–	–
18	13	Vizcaya Hldgs 5p	13	.....	–	–	–	–
5½	3¼	Wilton Group 1p	3¼	.....	–	–	–	♦

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✚ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1	830	.....
Finlay Pkg. 5p	51	–2
Holt (Jos) 25p	1310	.....
Carrol (P.J.)	124	.....
Hall (R. & H.)	165	.....
Helton Hldgs	72	.....
IRG	285	.....
United Drug	155	.....

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1992	£98¾	.....
9pc Cap Ln. 1996	£96½	–¼
Fin. 13% 97/02	£112¼	.....
Arnotts	285	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	7
Astec (BSR)	6
BAT	62
BOC Grp	48
BTR	37
Barclays	34
Blue Circle	21
Boots	24
Bowaters	40
Brit Aerospace	47
British Steel	13
Brit. Telecom	25
Cadburys	30
Charter Cons	42
Comm Union	41
Courtaulds	29
Eurotunnel	55
FKI	7
FNFC	20
Gen Accident	46½
GEC	18
Glaxo	68
Grand Met	53
Guardian	28
GKN	33
Hanson	20
Hawker Sidd	53
ICI	99
Ladbroke	27
Legal & Gen	34
Lex Service	28
Lloyds Bank	25
Lucas Inds	13
Marks & Spencer	19
Midland Bk	24
Nat West Bk	30
P & O Dfd	52
Polly Peck	39
Racal Elect	19
RHM	30
Rank Org Ord	70
Reed Intnl	38
STC	21
Sears	9
SmKl. Beecham A	48
TI	39
TSB	11
Tesco	19
Thorn EMI	62
Trust Houses	24
T&N	18
Unilever	58
Vickers	19
Wellcome	57

Property

Stock	p
Brit Land	32
Control Secs	4
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Stock	p
Aviva Petlm	5
Brit Petroleum	28
Burmah Oil	55
Conroy Petlm	10
Gaelic Res	3½
Premier	9
Shell	40
Tuskar Res	5½
Ultramar	31

Mines

Stock	p
Lonrho	21
RTZ	50

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FINANCIAL TIMES
Weekend July 21/July 22 1990

Delors plan could result in the scrapping of up to 25 Russian power stations

EC and Soviet Union working on nuclear safety programme

By Quentin Peel in Moscow

THE European Community and the Soviet Union are working on a joint nuclear safety programme which could result in the scrapping, or radical upgrading of, up to 25 Soviet power stations.

The extent of the programme, requiring a potentially large investment, was revealed yesterday by Mr Jacques Delors, President of the European Commission, on the first visit of the Community's chief executive official to Moscow.

He also singled out energy production, transportation and the environment, as well as technical assistance, as possible areas for EC involvement in the Soviet economy, in a package of measures to be presented to the next summit meeting of the 12 member states in October.

Assistance in a sweeping investment programme to upgrade Soviet nuclear power stations to western safety standards – and if necessary to scrap power stations which could not be modified – would not necessarily promote Soviet economic recovery. Instead, it would be intended, in the words of one west European diplomat, to "prevent another Chernobyl."

Only this week, a top-level meeting of Soviet nuclear physicists revealed that the industry was in disarray, with almost every plan and construction project in the pipeline – totalling more than 100,000MW – cancelled. Operating existing nuclear power stations, they added, was under threat because of a steep fall in recruitment in the wake of the Chernobyl disaster.

Details of preliminary EC investigations of the safety standards in Soviet nuclear installations have not yet been revealed.

Mr Delors was speaking after meeting most of the principal Soviet leaders – including President Mikhail Gorbachev, Mr Nikolai Ryzhkov, the Prime Minister, Mr Eduard Shevardnadze, the Foreign Minister, and Dr Leonid Abalkin, the deputy premier in charge of economic reform – to discuss the whole reform programme, and possible future EC involvement in supporting it.

He revealed that EC experts would return to Moscow next month for an extended visit and detailed discussions with their Soviet counterparts to draw up recommendations for the October summit.

Mr Delors said the Soviet authorities were very interested in the proposals for energy co-operation on the lines proposed by Mr Ruud Lubbers, the Dutch Prime Minister, at the EC summit in Dublin. This would involve the opening up of Siberia to western oil companies, providing direct western access to Soviet oil, in exchange for guarantees of western markets for the product.

However, Mr Delors warned that no judgment on Soviet economic reforms could really be given until a revised package was finalised by the government and Mr Gorbachev's economic advisers in September.

He also repeated his fears about the proliferation of plans in individual Soviet republics to create their own currencies and trading enclaves.

This would raise barriers to trade rather than remove them, as the EC was doing, Mr Delors said.

Mr Gorbachev argued strongly for western investment in the Soviet Union.

This would provide a stimulus to the perestroika process, and to more radical moves towards a market economy, to which he was committed.

Train blast kills 5

FIVE people were killed and eight injured in an explosion on a train near Rostov, on the Russia-Ukraine border. Police were said to be looking for an Azerbaijani suspect.

This act of suspected nationalist terrorism came as Mr Gorbachev's federation council was meeting the presidential council to discuss the draft of a new Union Treaty to reconcile the interests of the country's 15 republics, and the country's redrafted economic reform plans put forward by Prime Minister Nikolai Ryzhkov.

Jacques Delors: repeated fears about proliferation of plans in Soviet republics to create their own currencies

Boeing in talks to sell de Havilland

By Bernard Simon in Toronto

A CONSORTIUM comprising Aeritalia of Italy and Aerospatiale of France, European aircraft makers, is negotiating to buy de Havilland of Canada, Boeing's troubled commuter aircraft subsidiary.

Boeing, which acquired de Havilland from the Canadian Government only four years ago, appears to have lost patience with the company which, although widely respected for its products, has given its owners endless management headaches.

Negotiations with the French-Italian group appear to have reached an advanced stage.

However, Boeing said yesterday that any transaction was still subject to execution of a definitive agreement and the approval of the Canadian Government.

De Havilland, best known for its Twin Otter aircraft, hopes to start taking orders later this year for a stretched turbo-prop version of its twin-engined Dash 8 commuter aircraft. The engine for the 70-seat model is due to be chosen later this summer.

The company has so far delivered 220 Dash 8s, with another 120 or so on order.

Boeing declined to comment on reasons for the sale. However, it has frequently complained about de Havilland's performance, noting late last year that productivity difficulties "are still a major concern and must be resolved if the long-term economic viability of the operation is to be attained."

None the less, Boeing concluded a generous labour contract with de Havilland's 5,800 workers last month, agreeing to annual pay increases of 6.5 per cent over three years. The contract was the first to be negotiated without a work stoppage since 1968.

De Havilland's small, propeller-driven aircraft fit uneasily with Boeing's stable of larger jets.

Aeritalia and Aerospatiale build aircraft closer to the size of the Dash 8 – their ATR commuter turbo-prop is produced as a joint venture – and the purchase of de Havilland would eliminate one of their rivals in the commuter aircraft market.

The Canadian Government is likely to insist, however, that the buyers maintain operations at the de Havilland factory north of Toronto.

Boeing has not disclosed details of de Havilland's financial performance. Under an agreement with Ottawa earlier this year, Boeing in essence ended up paying nothing for de Havilland, which was beset by labour difficulties and outdated facilities when it was privatised.

Boeing paid C$90m (£43m) cash for de Havilland in 1986, but shortly after the deal claimed back more than the purchase price to compensate for numerous safety and other deficiencies it found at the de Havilland factory.

The settlement was worth up to C$161m, depending on various operating and investment targets.

However, Boeing has invested more than C$300m in research and development at de Havilland over the past four years.

W Germans bid to build next British Army tanks

By Charles Leadbeater, Industrial Editor

KRAUSS MAFFEI, the West German engineering and defence group, yesterday formally launched its bid to build the next generation of British Army tanks, with a call for an alliance with UK manufacturers to form the core of the future European tank industry.

The West German company's formal entry into the race to build the replacement for the ageing Chieftain tank is a sign of the intensifying pressures international defence manufacturers are under with the prospect of cuts in military spending in the next few years.

The Chieftain replacement has attracted a clutch of foreign companies, along with Vickers, the British company which is the leading candidate to win the contract with the Challenger 2 tank.

Mr Wolfgang Nuernberger, Krauss Maffei's managing director, said falling military spending would force international consolidation among European tank producers "We strongly believe the UK and German tank industry should get together and form the core of a European technological base and this should be done now. The Chieftain replacement programme could be the key for the formation of a European base for tank design and production."

Krauss Maffei, which is controlled by Mannesmann, the engineering company, has already talked to a range of companies – including Vickers, British Aerospace's Royal Ordnance subsidiary and Pilkington, the glass manufacturer, about forming a partnership to build Krauss Maffei's Leopard 2 in the UK. Vickers rejected the company's offer.

Mr Nuernberger said Leopard 2 would be assembled in the UK if Krauss Maffei won the contract. British subcontractors would be given orders worth between 50 per cent and 70 per cent of the contract.

General Dynamics of the US has lodged a bid to produce a British version of its M1A2 Abrams tank. GIAT-Industries, the French state owned group, is also expected to bid.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Hoesch	358.8	+	6.8
Lahmeyer	1280	+	105
MAN	480	+	11
Mannesmann	347.5	+	5
Falls			
Allianz	3020	–	40
Bayer-Verein	444	–	14.5

NEW YORK ($)			
Rises			
Amer Brands	70⅛	+	⅝
Boeing	59½	+	½
Kellogg	70⅜	+	1¾
Falls			
Browning-Ferr	42⅝	–	1
Navistar	4	–	⅛
Storage Tech	28⅝	–	4⅞

New York prices at 12.30.

PARIS (FFrs)			
Rises			
Cofimeg	345.8	+	7.3
Elf-Aquitaine	703	+	15
Lafarge Cop	489.9	+	7.4
Vallourec	325	+	12
Falls			
Locafrance	483	–	12
Skis Rossignol	960	–	48

TOKYO (Yen)			
Rises			
Awa Bank	1370	+	100
Harima Chem	2080	+	130
Toho Bank	2220	+	150
Falls			
Bank of Tokyo	1370	–	90
Kyotaru	2020	–	150
Teikoku Sen-i	2550	–	160

LONDON (Pence)			
Rises			
BP	334½	+	7½
Brit. Gas	228	+	5
Burmah	668	+	10
Clark (M.)	355	+	10
Enterprise Oil	666	+	10
Eurotunnel	520	+	10
Polly Peck	452	+	14
Reuters	1267	+	18
STC	290½	+	9½
Shell	484	+	10
Sovereign Oil	190	+	12½
Falls			
Berisford Int.	50	–	3
Cable & Wire	523	–	12
Clarkson (H.)	233	–	10
GRE	225	–	5
Hunterprint	17	–	13
Sema	584	–	7
Siebe	458	–	12
Sun Alliance	338	–	5
Wellcome	560	–	10
Williams Hldgs	274	–	9

Treasury withholds £20m from universities

By Norma Cohen, Education Correspondent

THE UK TREASURY is withholding £20m earmarked for salary increases at Britain's universities following a dispute over the latest pay contract agreed with teachers.

The Treasury feels the contract does not allow sufficient scope to reward merit or to attract staff into subjects for which there is a shortage of instructors. Payment of the £20m had been dependent upon the universities coming up with a contract with "sufficient flexibility and differentiation."

The £20m allocation is intended to cover about a fifth of the rise in salaries for this year. The increase was intended to take effect in May.

While the Treasury has not announced its decision formally, it has told the Department of Education and Science.

The decision is a blow to the nation's university system, already facing an expected deficit of more than £20m for the 1990/91 academic year. It will particularly hit the 20 universities which have already begun paying the salary increases.

The Committee of Vice Chancellors and Principals said the decision to withhold the £20m from the universities "would have very serious implications on their plans for expansion."

Universities now face a choice of either paying for the increase out of reserves – if any – or of making other cuts. Vice chancellors must decide whether to try to reopen talks with the Association of University Teachers – a move considered legally questionable.

The £20m allocation was announced by the DES last November. On May 11, the universities and their staff unions announced the conclusion of the pay contract. It includes a 9 per cent basic pay rise with 1 per cent set aside for merit pay and specialist pay intended to encourage staff into subjects where teaching shortages exist. It is also intended to help to take account of regional pay differences.

The Treasury is said to believe the baseline pay rise should have been more modest, with more funds allocated for discretionary awards.

Separately, the nation's polytechnics and colleges, about to open pay talks, have been notified by the DES that unless "efficiencies" are built into their contracts, a £12m allocation for pay will not be released by the Treasury.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	Dallas †	S	21	70	Madeira	F	25	77	Prague	S	24	75
Algiers	S	30	86	Dublin	C	19	66	Madrid	S	34	93	Reykjavik	R	11	52
Amsterdam	S	24	75	Dubrovnik	S	28	82	Majorca	S	29	84	Rhodes	S	28	82
Athens	S	33	91	Edinburgh	C	20	68	Malaga	S	30	86	Rio de Janeiro		–	–
Bahrain	S	36	97	Faro	S	28	82	Malta	C	27	81	Rome	S	27	81
Barcelona	S	29	84	Florence	S	31	88	Manchester	S	26	79	Salzburg	S	23	73
Belfast	F	17	63	Frankfort	S	26	79	Melbourne	S	15	59	S'Francisco †	C	14	57
Belgrade	S	24	75	Geneva	S	24	75	Mexico City		–	–	Santiago		–	–
Berlin	S	20	68	Gibraltar	S	27	81	Miami †	S	27	81	Seoul	C	26	79
Biarritz	S	31	88	Glasgow	F	20	68	Milan	S	28	82	Singapore	F	29	84
Birmingham	S	28	82	Guernsey	S	27	81	Montreal †	R	17	63	Stockholm	C	16	61
Blackpool	S	20	68	Helsinki	T	16	61	Moscow	C	22	72	Strasbourg	S	26	79
Bombay	Dr	26	79	Hong Kong		–	–	Munich	S	23	73	Sydney	S	14	57
Bordeaux	S	33	91	Innsbruck	S	25	77	Nairobi	C	20	68	Tangier	S	33	91
Boulogne	F	25	77	Inverness	S	19	66	Naples	S	28	82	Tel Aviv	S	31	88
Bristol	S	28	82	Isle of Man	S	19	66	Nassau		–	–	Tenerife	S	26	79
Brussels	S	25	77	Istanbul	S	28	82	Newcastle	S	25	77	Tokyo	F	29	84
Buenos Aires		–	–	Jersey	S	28	82	New Delhi		–	–	Toronto †	C	20	68
Budapest	F	23	73	Johannesburg	S	14	57	New York †	S	27	81	Tunis	S	30	86
Cairo	S	33	91	Las Palmas	S	26	79	Nice	S	26	79	Valencia	F	29	84
Cape Town	S	15	59	Leeds	S	28	82	Nicosia	S	29	84	Venice	S	26	79
Cardiff	S	28	82	Lisbon	S	33	91	Oporto	S	23	73	Vienna	F	20	68
Chicago †	R	21	70	Locarno	S	26	79	Oslo	F	23	73	Warsaw	R	18	64
Cologne	S	24	75	London	S	27	81	Paris	S	28	82	Washington †	F	24	75
Copenhagen	F	25	77	Los Angeles †	S	20	68	Peking	C	29	84	Wellington	S	9	48
Corfu	S	39	102	Luxembourg	S	25	77	Perth	C	18	64	Zurich	S	24	75

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Britoil gold share

Continued from Page 1

industrial services group, to take his 9 per cent stake above 15 per cent.

Britoil, at the time of BP's takeover bid, was the UK's largest independent oil company. It was based in Glasgow and most of its 1,700 employees were in Scotland. BP assured the Government that it would respect its Scottish character and protect employment levels and the company's assets.

Opposition and Scottish MPs were angered yesterday both by the Britoil announcement and its timing on a day when most MPs were out of London. The Speaker, Sir Bernard Weatherill, said it would have been "convenient" if MPs from Scotland had known the statement was to be made.

Mr Frank Dobson, Labour energy spokesman, said Mr Morrison's statement was "the last nail in Britoil's coffin" and "just another sweetener of the kind the Prime Minister seems happy to hand out."

Yesterday's Opposition comments echoed last year's claims by the Commons Select Committee for Energy that BP had observed the letter but not necessarily the spirit of its pledges.

Mr Morrison said he, Energy Secretary Mr John Wakeham and Scottish Secretary Mr Malcolm Rifkind were satisfied BP had lived up to its word.

The reserves of Britoil's fields, he said, had been upgraded by 67m barrels, nearly five times the production increase promised. BP was pressing ahead with the development of major fields and this year alone BP Exploration would be spending about £1bn on activities run mainly from Scotland.

Mr Robert Horton, chairman of BP, said the Government's statement confirmed that his company had kept its word on the assurances given during the takeover.

"Our management of Britoil has already added considerable value to our combined operations. The removal of the special share can only enhance that process."

THE LEX COLUMN

Dog days in the bond market

Before the City of London had its own big bang four years ago, bombing the stock exchange would have brought trading to a halt. But the silent screens carried on flickering yesterday, in spite of the mayhem in the streets; and the FT-SE 100 managed to end the week above the 2,400 level for the first time in more than six months.

The ripples of the previous week's events – the easing by the Federal Reserve and the more surprising departure of the British Trade Secretary – are already little more than distant memories. Mr Ridley's demise does not appear to have hurt the Government's chances of re-election; and in the US the markets seem to be having second thoughts about the implications of the Fed's easing. Equity markets on both sides of the Atlantic continue to trade in a reasonably tight range, waiting for the unexpected to break the pattern.

The dismal second quarter profits from corporate America have already been discounted by a market selling on close to 14 times prospective earnings.

Similarly, the increasing number of profit warnings and earnings downgrades have hit individual UK stocks but not the overall market. Over the last two and a half months, sterling has appreciated by 8½ per cent. Meanwhile the FT-SE has risen by more than 14 per cent.

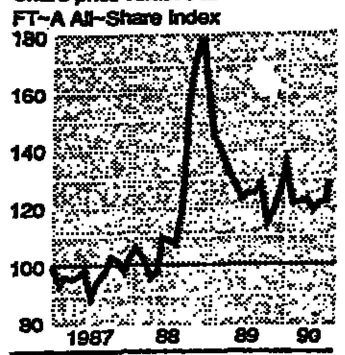
This suggests that worries about the damage done by a strong currency to overseas earners is being ignored for the moment. Institutions are flush with cash and are looking ahead to a time when corporate profits are once again accelerating.

The two key assumptions underpinning this scenario are first, no US recession: and second, a sharp slowdown in UK inflation. Clearly, the Fed's easing is better news for equities than bonds. But the recent surge in oil prices and the upward revision in US inflation forecasts help explain why global bond markets are nowhere near as buoyant as equities. The longer that divergence persists, the greater the risk of another sharp reaction in equity prices. Even the lower-rated UK market would not be immune.

FT index rose 9.4 to 1,898.1

Lonrho

Share price relative to the FT–A All–Share Index



BP/Britoil

Last week's decision by BP to set up a Scottish advisory board, headed by its chairman, suddenly makes sense. It is all part of an elaborate public relations campaign to get rid of the irritating golden share BP had to inherit as part of its 1988 takeover of Britoil. The latter has a perfectly respectable board, packed full of Scottish worthies. However, as long as the golden share remained in place, Britoil could not be disbanded; and this resulted in certain financial inefficiencies, particularly in the area of tax.

The Britoil board has always been a sham. But political sensitivities north of the border run high, so BP had to make some sort of gesture in return for getting the golden share removed. The Government's decision to announce its abolition on a Friday morning, when Scottish MPs were heading home to their constituencies, is another reminder of how meaningless golden shares have become. This will doubtless not be lost on Mr Michael Ashcroft in his dogged pursuit of BAA.

Lonrho

Yesterday's two deals from Lonrho added up to a classically enigmatic gesture from Mr Rowland. First, Lonrho sells its UK plumbing outfit to an unnamed buyer for a very full £68m, or 23 times last year's earnings. That is a startling price in present conditions, only going to show how right Mr Alan Bond was, in his blundering way, to perceive Lonrho as a rich store of value. But then Mr Rowland also spends £95m to buy 10 per cent of Asko, the king of cut-price West German retailing. The wisdom of this is more debatable, in spite of the confident noises from Lonrho about Asko's opportunities in eastern Europe.

Some of Lonrho's other recent forays across the Rhine have looked shrewd. It spent Dm244m (£81.9m) last year on development land in Frankfurt and a half share of a company with 4,400 flats around Stuttgart. But Asko is harder to interpret. To begin with, Lonrho will be one of three big shareholders, each with 10 per cent. The other two are another retailer, Metro, and a joint venture of Berliner Bank and Gothaer Insurance. But Asko's driving force Mr Helmut Wagner, one of the more controversial figures in West German business, is to step down soon as chairman of its management board; and he wants another two large shareholders so that 55 per cent of the group is in friendly hands. It all sounds over-complicated and unstable, and Lonrho is not in the driving seat.

The deals symbolise the problem posed in making up one's mind about Lonrho. Like the 1988 sale of its whisky businesses, the plumbing disposal illustrates Lonrho's dealing skills. But the Asko purchase, with its undertones of obscure corporate politics, is hard for a UK investor to appraise at all. And with its shares at 277p, about 11.5 times likely 1990 earnings, Lonrho does not look terribly cheap.

IBM

The industry pundits sizing up Fujitsu's bid for ICL would be well advised to take a look at what Wall Street has been saying about IBM lately. After five dreadful years in the doghouse, culminating in an embarrassing profits warning last autumn, IBM's share price has recovered remarkably in 1990. Trading at $120 (£66) yesterday, the stock has climbed 28 per cent since its low-point of $93 last December. And it has strongly outperformed not only the US equity market generally, but also other quality computer stocks such as Hewlett-Packard and Digital Equipment.

Behind this lies a range of factors, not least a weaker US dollar. IBM is also seriously cutting overheads and rolling out the long-awaited new Summit mainframe in 1991. This week's two IBM news items – strong second-quarter earnings and speculation that it is selling its low-tech manufacturing side to a leveraged buy-out – appear to confirm that IBM is on the way back.

This could be too optimistic, and there have been many disappointments before. But if the stock market is right, and IBM can deliver double-digit earnings growth in the early 1990s, then ICL/Fujitsu will be fighting against an IBM in its strongest shape for years.

Weekend FT

SECTION II

Weekend July 21/July 22 1990

The face that launched a thousand chips

***David Thomas** on Alan Sugar, the East End computer salesman who has become one of Britain's richest men*

Alan Harper

OF ALL the business heroes who came to prominence in Britain during the 1980s, none has had a more startling career than Alan Sugar, founder and chairman of Amstrad. He was brought up with no advantages in one of east London's poorest estates; yet in 1988, still barely in his 40s and with a personal fortune approaching £600m, he was Britain's 15th richest person.

Striking as they are, the simple facts of Sugar's personal success do not begin to do justice to his story. More than any other individual in the past decade, Sugar helped to stimulate a revolution in the working habits of a whole generation. He was responsible for moving computing out of data processing departments into the offices, studies and spare bedrooms of small business people and other professionals throughout Western Europe.

In the process, Sugar demonstrated a flexibility and a swiftness of foot quite out of keeping with the stodgy traditions of British business. Just when hyper-growth in Amstrad's original business – audio equipment – was coming to an end, Amstrad switched tack and launched into personal computers, the graveyard for a generation of British entrepreneurs.

On first glance, Sugar appears singularly ill-suited to such a task. Brought up in an unbookish household, Sugar left his East End comprehensive school with a handful of qualifications. His contempt for the boffin, the typical head of a British high tech company, is boundless. When Sir Clive Sinclair, boffin par excellence, was expounding the technological wonders of his Spectrum before the sale of his computer interests to Amstrad in 1986, Sugar said: "For God's sake, Clive, I don't care if they have rubber bands in them, as long as they work."

How could such a man succeed in launching a series of well-engineered, low cost products which transformed European consumer electronics, out-manoeuvering even the mighty International Business Machines and all its billions? Step back to July 1984 for a clue. An impatient man, Sugar was becoming bored on one of those long flights to Hong Kong. Amstrad had launched its first computer, the CPC464, a souped-up games machine, just three months earlier. Now a bigger idea was forming.

Turning to Bob Watkins, Amstrad's technical director, Sugar snatched a draft contract and began sketching on its back. In a few minutes, Sugar had sketched a design which took Amstrad's cost-cutting philosophy to a highly original conclusion. By running all the parts of a computer – screen, printer and control mechanisms – from one source in one box, he could dispense with a pile of costly components.

Then Sugar made a strikingly novel marketing decision. He would sell the the machine by *underplaying* its full potential as a computer. Sugar realised that many ordinary people were nervous of their ability to understand a "computer". So the new machine would be sold as replacement typewriter, as a "word processor" designed to minimise techno-fears.

These ideas were implemented with extraordinary speed. Sugar faxed his designers in Britain with his plans for the new computer as soon as the plane landed in Hong Kong. "You would expect any other client who came up with an idea like the word processor still to be talking about it a year later," says one of the designers.

Cost-cutting, simple designs for a mass market, and speed: these were virtues learned by Sugar back in the 1970s when he was running a small audio company. They were underpinned by an even more fundamental quality: the ability to rely completely on his own judgment.

Sugar had been something of a loner ever since his childhood days in the east London borough of Hackney. His upbringing was akin to that of an only child, since he was 12 years younger than Daphne and Derek, his twin brother and sister.

The closest family bond forged by the young Alan Sugar was with his father, Nathan, a moody man whose natural caution was fed by the insecurity of his trade. Nathan Sugar was a semi-skilled worker in the East End garment trade, tacking up the clothes for the master machinists. "They simply told him on Monday morning, 'Sorry, there's no work. Don't come in.' And he used to take it very badly," Sugar says.

Sugar learned his respect for the value of money from Nathan. But unlike many of his schoolmates in the Jewish East End, Sugar had no-one to encourage his early interest in selling and trading. "But who's going to pay your wages?" was Nathan's anxious query in 1966 when his 19-year-old son told him of his plans to strike out on his own.

Amstrad's founder criss-crossed London and the south east in the late 1960s buying and selling car radios, aerials, speakers, amplifiers, tuners, turntables and speakers. This period of intense contact with the tough, back-street world of the British audio industry honed Sugar's natural instinct for trading. By 1970, aged just 23, he was known as one of the best middle men in the business. To break into a new league, Sugar reckoned he would have to design and make his own products. Soon he was making a range of amplifiers and speakers, at rock-bottom prices.

The established hi-fi manufacturers were hung up on producing Aston Martins or Rolls Royces of sound, but Sugar understood that the era of mass consumption demanded a Mini. Newly affluent workers – people like himself – wanted a music machine that looked stylish and could be put to work with the minimum of fuss. "No-one, but no-one ever gave Sugar a run for his money. He was the only guy who had a little bit of marketing foresight to produce crap," says Ashley Morris, one of the first to buy Amstrad equipment at his Notting Hill Gate audio shop.

Adverts for Amstrad's products in the early 1970s carried the proud words "British made" wrapped round a Union Jack. Partly a marketing ploy, it also reflected what Sugar thought he was doing: making British amplifiers and speakers out of British components in the heart of London. "We prided ourselves on being British manufacturers. And we used to buy components from Plessey, Mullard, ITT – all the main British suppliers," Sugar recalls.

His attitude changed when he noticed where the components came from. The words "Made in Japan" stood out on the boxes in which the components arrived. Sugar decided he could do without the UK electronics giants as middle men: "We don't need you, mate, thank you very much, to act as an agent for us," he concluded.

In his mid-20s, Sugar made the first of what was to become regular visits to the Far East, where he began to buy his products. That was the origin of Amstrad's commitment to flexible manufacturing. Another pillar of the company's philosophy – its devotion to the mass market – sprung from its breakthrough into Comet.

Comet pioneered the cut-price sale of electrical goods in large out-of-town stores in the late 1960s. It was a natural target for an ambitious young businessman like Sugar, eager to break into one of the main retailing chains. But Comet knew its power in the market. Initially, Comet refused to order Sugar's equipment, agreeing only to place details of Amstrad's amplifiers in its listings.

Sugar moved into action, mobilising half a dozen relatives, friends and colleagues to write to Comet with an order. A week or so later, a clerk phoned from Comet's head office. After haggling with Sugar, he ordered 100 Amstrad amplifiers.

"We've never looked back. We've done mega-millions of pounds of business with them. But that's how it all started. That's how I broke into Comet. I conned them into it really," Sugar says with a grin.

Sugar transferred his philosophy of making easy-to-use, low cost products into computers. He had been amazed how difficult it was to use most home computers when he sat down to teach himself the technology in 1982. The computers did not come complete with their own screens or cassette recorders, causing no end of trouble to technically illiterate people.

Sugar conceived his first computer, the CPC464, as a one-plug, all-in-one machine with the appearance of a business computer. "It looked like a mug's eyeful for the old man when he walked into Dixons. He looks at this thing, with its whacking great big keyboard and a monitor, and he has visions of a girl at Gatwick airport where he checks himself in for his holidays. And he thinks, 'That's a real computer, not this pregnant calculator thing over there called a Sinclair.'"

Amstrad's boss decides how a computer will look, what it will do and how much it will cost. But Sugar then leaves his engineers and designers a free hand. Amstrad's products were driven by Sugar's instinct for the market, not be clever science. Part of the conventional wisdom of British industry is that it needs lots of lavishly funded research and development. Sugar ignored this cardinal tenet and became the first British entrepreneur for a generation to make a splash in consumer electronics outside the UK.

As Sugar's string of computer hits unfolded, he was profiled as an archetypal representative of Thatcherite business success. He acquired the trappings of the super-rich – a clutch of expensive cars, a holiday home in Florida and a house in millionaire's row in Chigwell, Essex. Yet Sugar stayed loyal to the friends who had shared his journey out of the East End.

Sugar's innocence of the wider world at times caused him some embarrassment. One day in May 1988, his secretary came into his office and said: "Rupert Murdoch wants to speak to you on the phone." Amstrad's chairman had recently been plagued by calls from people on the make claiming long-lost associations, so he said: "Never heard of him. Tell him to piss off, clear off, I'm not interested. I bet he thinks he went to my school."

Sugar explains: "I'm very unworldly in the sense that outside the electronics and computer industries, I don't know the names of big-shot businessmen."

This gaffe was forgotten when Sugar quickly agreed to make satellite dishes for Murdoch's Sky Television. Yet the episode – and others similar to it – showed another sense in which Sugar was representative of the 1980s. Like many of the decade's most prominent successes, he was both part of and curiously outside the new order.

Sugar has made no attempt to be drawn into the Establishment. His dislikes remain those of the outsider. Boffins, corporate wimps, the established electronics companies in Britain and Europe, Americans, the European Commission, journalists – all felt the lash of his tongue. None more so than the City: "There should be some professional exam for these analysts. Most of the time they talk through their backsides," was one of Sugar's more printable comments.

The City seemed poised to take its revenge in February 1989, when Amstrad declared its first fall in profits since its debut as a public company. Unprompted, Sugar told the 30 analysts who trooped out to Amstrad's famously nondescript headquarters in Brentwood, Essex that he had wanted to call financial year 1988-89 "the year of disaster" – but his advisers vetoed the idea.

The name of Amstrad's chairman was soon appearing in media lists of 1980s business stars who had fallen or stumbled. George Davies of Next, Tony Berry of Blue Arrow, the Saatchi brothers, Sir Phil Harris of Harris Queensway, Sir Terence Conran of Storehouse ... and Alan Sugar.

Yet as the 1990s begin, he is one of the few 1980s *wunderkinder* still in full control of his company. He has spent the past 18 months putting in place a series of low-key reforms which have introduced disciplines into Amstrad suitable for the multi-national operator that it has become.

Although Amstrad's future remains uncertain, Britain may have to rely on the Alan Sugars, rather than conventional national champions, for any presence at the computing top table. That was one message of the news this week of Fujitsu's imminent take-over of ICL, the last traditional British computer company. One possibility is that the General Electric Company will provide Amstrad with the manufacturing and research back-up it lacks. Lord Weinstock, GEC's managing director who initiated talks with Sugar in the mid-1980s, remains optimistic. "It's possible that one of these days, something like that will happen," he says.

Sugar may have outlasted the 1980s precisely because he bucked some of the most important trends of the Thatcher decade. In an age of specialisation, he had the gift of being able to think simply. In an era of increasing product sophistication, he demystified markets. In the midst of an upsurge in niche retailing, Sugar catered for the masses.

The defining features of Sugar's philosophy were already apparent in the 1970s, when he was running an almost unknown audio company. Few things irritate Amstrad's boss more than the attempts to write off the 1980s as a decade of Thatcher-inspired entrepreneurs which has come to an end: "An entrepreneur, if there's such a thing, is a born schemer and thinker-up of things. You can't have a decade of them coming to an end. It's like saying there's a decade of singers or artists coming to an end."

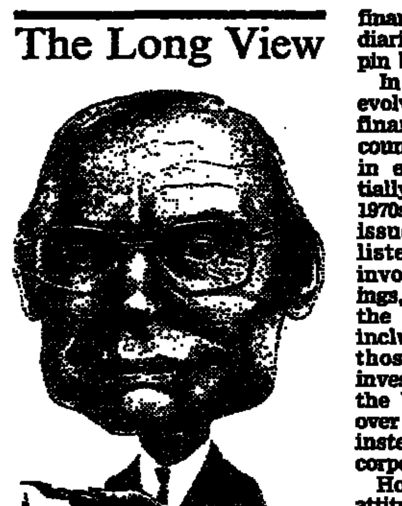
■ *Alan Sugar: The Amstrad Story. By David Thomas. To be published by Century on July 26. £14.99.*

THE FACTS BEHIND AN EMPIRE

- 1968: Amstrad founded by 21-year old Alan Sugar
- 1980: Amstrad valued at £8m on flotation
- 1981: Amstrad Hong Kong, first overseas subsidiary, founded
- 1985: Low-cost word processor launched
- 1986: Amstrad buys Sinclair computer interests
- 1988: Sugar makes satellite dishes for Sky; sales top £625m

When pension funds run out of control

The Long View



Perversely, the 25 per cent stakes which in aggregate British companies hold in each other have been allowed to become the source of instability

THE PROBLEMS you create yourself can be the most frustrating to deal with, because you must change your own behaviour to provide a solution. Also, it is hard to blame others – although that need not stop you trying.

One of my favourite current examples of self-flagellation is the great short-termism debate. Captains of industry are appalled at the progressive concentration of their share capital into the hands of spotty-faced City investment managers inclined to be eager to sell the shares on to the first takeover bidder in order to enhance their performance for the quarter.

At the Department of Trade and Industry's conference on short-termism a few weeks ago industrialists explained how they were inhibited from entering into projects with long payback periods because the potential value of such commitments could not be reflected in their share prices, and they would become vulnerable to being put "into play."

In the early 1960s investment institutions controlled under 30 per cent of the shares of UK listed companies, while private investors owned more than 50 per cent. That distribution represented a very broad and diversified ownership pattern. Today, however, it is estimated that the institutions own 60 per cent and the private individuals have 20 per cent or less. Several years ago it was said that 50 top fund managers had effective control (51 per cent) of British industry, but some think that with further concentration the number may now have fallen to 40. The most important element in this growth of institutional ownership has been the expansion of pension funds, which in 25 years have increased their shareholdings from perhaps 6 to 32 per cent of the aggregate. Life companies have some 20 per cent, part of which is also invested on behalf of occupational pension schemes.

But before we become too sympathetic with industrialists over the menace lurking in their share registers we should ask exactly who sponsored the rise and rise of these pension funds, and who controls them? The answer is, of course, that they are the creation of the companies themselves (admittedly with Government encouragement through taxes).

Precisely the same point can be made about the City of London's fickle short-termists, who are the subject of so much abuse. Exactly which clients select these managers, usually on the basis of their claimed ability to outperform the average fund over a short period, and then sack them if they lag behind? Yes, they are executives of those same industrial companies.

It is an odd sort of corporate sector, you might argue, which hands over more than £200bn to fund managers to play games with. More and more, these strategies involve obscure forms of computer modelling; less and less do they take account of long-term industrial realities.

Effectively, listed British companies own about 25 per cent of each other. But those investments are very often used to promote instability, and to provide scope for the generation of huge corporate finance fees for sharp intermediaries, rather than to underpin business objectives.

In Japan the situation has evolved very differently. Non-financial companies in that country also raised their stakes in each other very substantially during the 1960s and the 1970s. About 38 per cent of the issued equity of Japanese listed companies is now involved in these cross-holdings, not so very different from the British position if you include pension funds. But those Japanese corporate investments are never used as the basis for contested take-over bids. They are designed instead to cement long-term corporate relationships.

How different are British attitudes. I was struck by the recent lack of response by Rolls-Royce to a suggestion by BMW, with which it has set up a joint aero-engine venture in Germany, for mutual purchases of small shareholdings. RR sniffily replied that it would be a misapplication of its shareholders' funds. But what better investment could there be than one in a long-term corporate relationship? BMW bought a 1 per cent stake in RR anyway.

The lesson, surely, is that long-termism begins at home. Companies have set up pension schemes for good reasons, but some chickens are now coming home to roost. It is no use forcing employees to invest heavily in compulsory company pension schemes and then wondering why private shareholders are fading away. There is not much point in requiring investment managers to beat the average, which because of the laws of arithmetic no more than half of them can hope to achieve in practice, and then complaining because they adopt extreme tactics in order to achieve success.

But the conventional wisdom is powerful. To abandon their pension schemes would be unthinkable to most companies. In any case, little is gained by one company modifying its practices. It would still be threatened by the short-termism created by the rest of the corporate sector. Moreover, the legal system is hostile to attempts to re-orientate pension funds. They must be managed in the interests of beneficiaries rather than the companies (Arthur Scargill had a fruitless legal battle with the British Coal pension funds over this several years ago when he tried to prevent investment in rival industries such as oil) and there is increasing hostility to schemes which, like that of Lucas Industries, invest in their sponsoring company's own shares. On this principle, investment must be on a diversified basis, with no thought of boardroom influence, and Japanese-style relationship investment is tricky indeed (although surely the Rolls-Royce pension fund could have been leant upon to buy some BMW shares).

But the problem is entirely self-inflicted. British companies have it in their power to tackle short-termism at its roots. They should not imagine that anybody else can do it for them.

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FINANCE & THE FAMILY: THIS WEEK

Currency funds: making money from money

Patrick Harverson on the implications of UK membership of the Exchange Rate Mechanism for investors in offshore currency funds. **David Barchard** on the gloom that has replaced the housing boom. **Page III**

Small pickings

Investors who put their money in smaller companies funds in the last few years are probably kicking themselves. But, things are picking up, writes **Sara Webb**. Plus, what to do on your summer holidays by **Kevin Goldstein-Jackson**. **Page IV**

Tough man for the Rock

Peter Gartland talks to the man trying to restore Gibraltar's image as an offshore money centre and **Sara Webb** meets a professor of personal finance. **Page V**

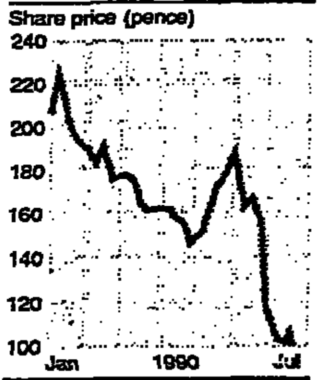
Minding your own business

Wills on Wheels is moving into the financial fast lane. Meanwhile, there's trouble at the forge in Great Barrington. **Page VII**

■ **BRIEFCASE:** Buying freeholds — **Page V**

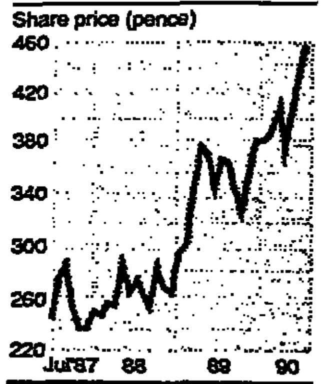
Burton Group

Share price (pence)



BAA

Share price (pence)



Burton divides analysts

Burton shares swung wildly as the company's announcement that it would pull out of property development followed hard on the heels of the sale of its financial services operation to GE of the US.

The shares have fallen steeply since a trading warning last month when the shares stood at 164p. The yield on the stock has been above 11 per cent since then. Investors have been buying at just above £1 a share as some analysts said that the sale of financial services would make Burton a relatively safe bet for income funds. However, the touting of the property division created confusion in the market. The shares jumped 10p and then retreated as some shareholders cut earlier losses. Analysts are divided over what investors should do. BZW rates the stock a buy, while UBS Phillips & Drew says that the dividend is not safe and that holders should sell. *Daniel Green.*

BAA shares break altitude records

BAA, formerly British Airports Authority, hit a string of all-time highs this week. Three items of news added to the list of reasons to hold on to what analysts regard as one of the more defensive stocks in the FT-SE 100 index.

The announcement by Cecil Parkinson, the Transport Secretary, to postpone a decision on a new runway for London's airports was bullish for the stock. Runways absorb a lot of investment and produce little immediate return. BAA would rather build terminals, whose shops are good cash generators.

BAA said on Thursday that it had bought the freehold on Southampton Airport and would build a £20m terminal.

Finally, to emphasise the potential for growth, BAA's traffic figures showed a 4 per cent increase in the number of passengers it handles. *DG*

Go-ahead for Globe tracker fund

The British Coal pension funds, which recently gained control of Globe Investment Trust in a £1.11bn bid, said this week that it will go ahead with plans to launch an index tracker fund for former Globe investors.

The Malvern Index Trust will track the FTA All-Share index and will be managed by Edinburgh Fund Managers which are indirectly controlled by CIN Management, managers for the Coal Board pension funds. Investors in Globe were given the choice of selling their shares for cash, or for loan notes or of exchanging them for shares in the new investment trust. The latter option allows investors to defer their capital gains tax liability.

BCPF said that in order to launch the investment trust it would need at least £10m in funds and 200 or more investors. By this week it had acceptances from over 400 investors and commitments of over £13.37m.

Barclays de Zoete Wedd, financial adviser to the Coal Board funds, said it expects the Malvern Index Trust to have a discount of 3-5 per cent which is much narrower than the average investment trust discount. *Sara Webb*

High interest rates to continue

Savers can expect to see high interest rates continue over the next two decades, according to David Kern, chief economist at National Westminster, in a recent report on long term trends in the UK personal savings market.

Kern expects to see a rise in the proportion of personal disposable income allocated to financial assets over the next two decades and says "steady growth in real disposable income, fairly high real interest rates and expansion of the savings age groups will result in a strong growth in personal sector financial assets, both liquid (ie bank/building society deposits and national savings) and non-liquid (ie government securities, shares, unit trusts, insurance policies and pensions)."

About 12m people in the UK own shares: Kern predicts that the number of adults saving through equities and gilts is likely to grow by about 2.8m. *SW*

LONDON

Small explosion, but just another Friday

IF TERRORISTS expected yesterday's bomb at the London Stock Exchange to cut a swathe through crowds of panic-stricken City stockbrokers in bowler hats, they must have been sorely disappointed. Another Big Bang achieved that four years ago.

Following the blast, a few options traders — since 1986, the only dealers working in the Stock Exchange building — had to spend the day in nearby wine bars. In fact, it was just like an ordinary Friday in midsummer.

Most agreed before yesterday morning that somebody needed to plant a bomb under the market, if only to liven up trading. Turnover has been depressingly thin, even for the summer season, and the FT-SE 100 Index closed last night only 17.9 points up on the week at 2,400.1.

The most explosive trading was at the beginning of the week, primed by the Good Riddance factor — the Trade Secretary's eventual resignation last weekend — and detonated by a strong performance on Wall Street and figures on the volume of retail sales for June, which dropped sharply.

That was no surprise given recent warnings on June trading from retailers like Burton and Sears, but it encouraged speculation that UK interest rates might be relaxed. Footsie rose more than 24 points on the day and a further 8.5 points on Tuesday.

Such optimism on interest rates proved to be a damp squib, although Wall Street is still providing a lead for UK equities. Chartists will already have spotted that retail sales have a tendency to fluctuate sharply month-to-month while the overall trend rises. And although the economy is beginning to look as if it is slowing, there is still worrying evidence of increasing wage costs both in official figures on the average growth of earnings (9.75 per cent in May) and in pay claims (ICI workers rejected a 9.8 per cent offer on Monday; the police agreed to 9.75 per cent on Thursday).

The Government is also finding it difficult to practise what it preaches on borrowings. The public sector borrowing requirement stands at a nine-year high for the first quarter of the financial year. A deficit of £6.5bn for the first three months puts the average consumer's humble credit card demand into perspective.

The Government is quite possibly one of the only debtors in the UK to have borrowed more than Parkfield Group in the last few months.

The conglomerate issued a profit warning at the end of June and saw its share price halved and then quartered by investors within a fortnight. When Parkfield formalised its collapse on Thursday by calling in the administrators, it turned out that the group had already been hanged and drawn by creditors: Parkfield apparently has liabilities of £275m, much greater than expected.

As recently as January that was roughly the market value of the whole company, which operates a number of subsidiaries from video distribution — apparently at the root of its problems — to the manufacture of aluminium wheels. Since then, the thoroughbred shares which many tipped have simply galloped over a cliff-edge. At Wednesday's suspension price of 48p, Parkfield is now worth just £24m.

Unsurprisingly, most of the news in the retail sector continues to be black.

Burton Group is still trying to reduce borrowings, and has thrown in the towel on its property development division. The fashion retailer unexpectedly put the operation up for sale on Wednesday, at the same time as it confirmed the £153m sale of its credit card interests to GE Capital.

Meanwhile, high interest charges, weak furniture sales and problems with distribution hit profits at Asda Group in 1989-90. The supermarket chain had already warned about its profits, which slipped 27 per cent to £180m before tax.

On a slightly more upbeat note, Great Universal Stores managed to offset a slight decline in its retail division with improvements in the performance of its finance and property operations. It saw profits rise just over 4 per cent to £417m in the year to March 31.

At the other end of the food chain from Asda's Gateway stores, food supplier Fitch Lovell has agreed to a £302m cash-and-shares bid from its rival Booker. Booker, which plans to dispose of some of its new subsidiary's assets, has been fighting hard to pinch market share from Fitch, competition which held back Fitch's profits in 1989-90.

However, this week's most significant corporate and industrial developments came in the computer sector. Cap Gemini Sogeti (CGS), the French computing services company, took a couple of bytes out of the European industry early in the week, first buying a loss-making West German consultancy subsidiary of the British group SD-Scicon for £39m, and two days later paying £199m for a 69.5 per cent stake in Hoskyns, the UK computer services company.

On their own, such developments would have unsettled the sector, but on Thursday the CGS acquisitions were overshadowed by a report in the *Financial Times* that Fujitsu, the Japanese computer group, would take a majority stake in ICL, the UK's largest computer manufacturer.

Comparing the CGS news with this was rather like pitting a pocket calculator against one of ICL's mainframe computers, and most analysts turned their attention to the greater significance of the Fujitsu move, although questions were asked about both deals in the House of Commons.

The market was chiefly preoccupied with the future of STC, the Footsie group which owns ICL. In the short term it looks good news for the electronics company, which would stand to receive about £650m in cash from Fujitsu. The shares rose 27p to 291p during the week. But the sale of a majority stake in its dominant subsidiary will also leave STC temporarily lacking in direction while it fortifies its weaker telecommunications side.

Talking of Footsie, equity investors are still showing interest in quality. This week they swallowed long lines of stock in British Gas, as the Government disposed of shares retained to provide a "loyalty bonus" to shareholders, and J Sainsbury. Institutions even took a liking to 20m Storehouse shares, in the shop window courtesy of Sir Terence Conran, who reduced his stake in the retail group he founded to just 2.2 per cent by selling at a discount to the market.

The small investor should probably take the lead from institutions — prepared to spend their plentiful cash on blue chips, while ignoring recovery situations for the time being — because if Wall Street comes down from its current heights, nobody will want to say that Footsie is bomb-proof at 2,400.

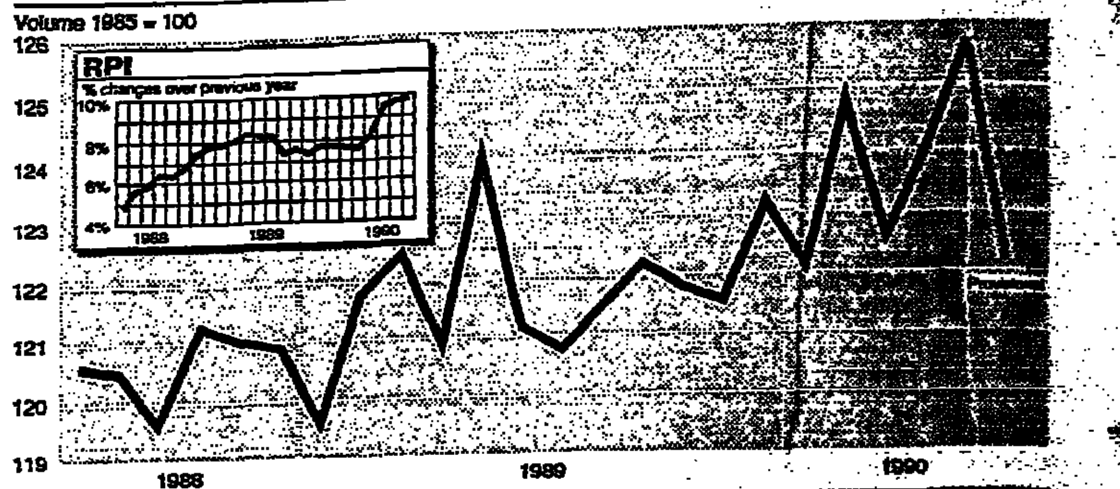
Andrew Hill

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2400.1	+17.9	2463.7	2103.4	Wall Street's influence
BAA	462	+18	464	365½	Airport purchase/Lon. runway delay
Cable & Wireless	523	-21	595	458	Fears of cuts in intl. call prices
Campari Int.	228	+29	250	161	29.6% stake goes to Singapore Co.
Carlton Comms.	426	-34	810	413	Recent brokers' downgradings
Clark (Matthew)	355	+27	400	290	Good figures
Hoskyns Grp.	359	+84	369	242½	Agreed bid from CAP Gemeini Sogeti
ICI	1152½	-25½	1263	1024	Manual workers reject pay offer
IOM Steam Packet	106	-14	129	68	IOM govt. tries to block Seacont. bid
Lonrho	277	+14	296	224	Dividend buying
Oxford Instruments	328	+74	332	196	Successful testing of Synchroton
Pittard Garnar	86	-26	141	77	Profit warning
STC	290½	+26½	295	231	Fujitsu to take majority stake in ICL
Sema Grp.	564	-64	630	361	CAP Gemini Sogeti bid for Hoskyns
Wellcome	560	-33	795	553	Profit-taking/Aids vaccine tests due

Retail sales

Volume 1985 = 100



WALL STREET

Reality may spoil the party

IT HAS been a good week on Wall Street for those of a schizophrenic bent.

The Dow Jones Industrial Average has continued its flirtation with the 3,000 mark, edging back and forth around around this satisfyingly round record figure.

Yet out there in the real economy the week has hardly been one for celebration: Alan Greenspan, the chairman of the Federal Reserve, made clear that no further easing of interest rates was imminent; second quarter corporate results contained a disturbing number of profits warnings; and the New York Times trumpeted government statistics showing 16 states, with more than a third of the US population, in or near recession.

All of which raises afresh the question of whether Wall Street is suffering a collective delusion about the nature of reality from which it will awake with a nasty shock.

The most important single event of the week was Greenspan's half-yearly economic assessment to Congress in which he explained that the slight easing of credit by the Fed on July 13 — which helped propel the Dow towards 3,000 — would not be quickly followed up by a more fundamental change in credit conditions.

He said Friday's easing — of about a quarter of a percentage point in the Federal Funds rate — was designed to correct an unintended tightening of credit by the banks, which was beginning to hit smaller companies.

He also held out the possibility of further rate cuts if the credit crunch grew worse, or if the White House and Congress managed to agree on a package to slash the budget deficit.

But he indicated that the Fed still thinks a recession can be avoided, while it remains very keen to combat inflationary pressures in the economy. It is forecasting economic growth of 1.5 to 2 per cent this year, with consumer prices climbing by between 4.5 per cent and 5 per cent, and growth picking up next year to 1.75 to 2.5 per cent while inflation moderates to between 3.75 per cent and 4.5 per cent.

The implication is that the economy is still heading for a reasonably soft landing.

It is this belief that has helped keep the Dow around 3,000.

The hope is that corporate profitability will start to come out of its present dip in the second half of 1990.

There are two potential problems with this rose-tinted perspective. The first is that it may be wrong. The second is that, even if correct, it still may not justify the present level of stock prices which are high by historic yardsticks and are not discounting very much bad news.

Certainly, the second quarter earnings statements of the past week cast a lot of doubt on the profits outlook. IBM kicked off the week with a better set of figures than the market had been expecting — a 5.2 per cent rise in earnings — but there were some special factors behind this and John Akers, the chairman, issued a measured statement saying "much remains to be done this year".

The company has to handle the transition to a new generation of mainframe computers in the autumn. At the low-tech end of the market, it is rumoured to be negotiating the possible sale of its typewriter business to a buy-out group.

Apple Computer, too, reported strong income growth of 25 per cent but warned that it anticipated a drop in the present quarter and was cautious about the short-term level of demand in the US market.

Lotus Development, the software company, more than doubled second quarter profits but suprised analysts when it said third quarter results might lag those of last year.

In the telecommunications sector, American Telephone and Telegraph, the largest long-distance carrier, reported a 6 per cent drop in net income, but said it still expected 1990 to be a record year, while United Telecommunications gave the market a nasty surprise with a 55 per cent plunge in net income, blamed on poor results at subsidiary US Sprint Communications, the third biggest long-distance carrier.

All this has given a more jittery tone to a market where volume is relatively thin, and concentrated in large capitalisation stocks which either seem recession-proof or have strong earnings potential.

Sell-offs of out of favour stocks seem to be getting more savage. And while bullish analysts have long been predicting a rise in the Dow to 3,000, there are few now pinning their colours to much of an advance beyond this level.

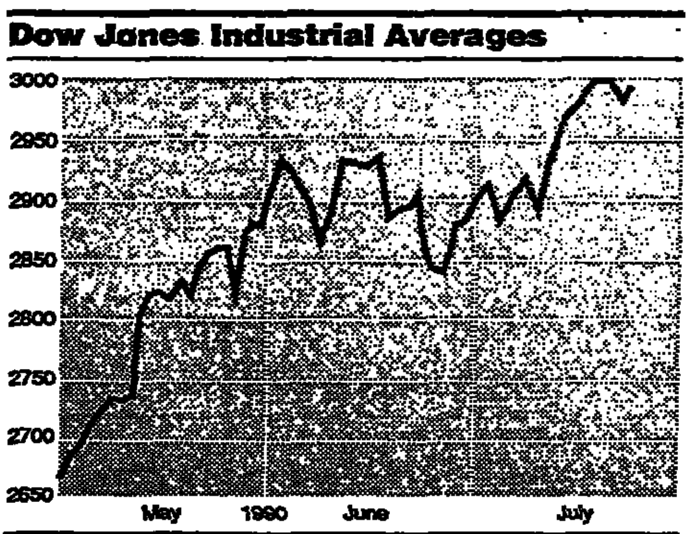
So at best the later summer and autumn may be dull, and at worst there could be another savage correction. Parallels with the last-gasp phases of past bull markets are multiplying.

The human mind has a remarkable ability to sustain side by side two contradictory ideas, such as the sure knowledge of death and the temporarily comforting belief that one will somehow be spared it. So too with stock markets, but in both cases reality finally comes knocking.

Monday	2999.75	+ 19.55
Tuesday	2999.75	
Wednesday	2981.68	− 18.07
Thursday	2993.81	+ 12.13

Martin Dickson

Dow Jones Industrial Averages



3,000: a big, round number

"IT IS A round number and the press jumps on it but 3,000 really doesn't mean anything," says Elaine Garzarelli, the equity strategist at Shearson Lehman Hutton who earned herself the status of a Wall Street seer when she correctly predicted the 1987 stock market crash.

The Dow Jones Industrial Average — the best known stock price index but probably the least representative of the whole market — jumped just above 3,000 several times on Friday July 13, and again on Monday and Tuesday this week, but failed on each occasion to close above this level.

On both Monday and Tuesday, the Dow closed at 2,999.75. It is extremely rare for an index to close exactly unchanged: the only other time it has happened in the last three-and-a-half years was after an inert session on March 14, 1989.

But then, despite the dismissive tone of those serious economists who base their analysis on such indicators as corporate profitability, interest rates and economic growth, there is no doubt that psychology plays some strange tricks when a big round number approaches and excitement submerges sense.

In a newsletter entitled "Another Millennium at Hand," Advest, a Connecticut-based equity firm, glanced back at the history of the index and noted, correctly, that the progress of the Dow has speeded up.

The path from 500 to 1,000 was a frustrating one. The Dow first closed above 500 in March 1956. In 1965, the index traded above 1,000 briefly on several days, but it was to be another seven years before it finally closed above 1,000 in November, 1972.

It then took 15 years to double its value from 1,000 to 2,000, but less than five years to get from 1,500 to 3,000. There are all sorts of sensible explanations for this acceleration including higher inflation, stronger economic growth and the fact that there was much greater market liquidity in the 1980s than ever before.

For some, however, the mere fact of hitting a number with three noughts is cause for celebration. "Now that 1,000 point marks seem to pass every few years, who knows? 4,000 by 1992? 10,000 by the year 2000? Stay tuned, there's more to come," Advest exclaimed. Roll on 3000!

Few analysts seem to doubt that, after a period of resistance, the Dow will breach 3,000 and build on its recent record-breaking gains.

Garzarelli said that three out of four of her key equity market indicators are positive at the moment. Monetary policy is positive because the US Federal Reserve has just eased credit conditions. Sentiment speaks for further gains because it is so negative (a good sign because it suggests that gains will be achieved on fundamental rather than speculative grounds). The fact that the economic cycle is bottoming out rather than peaking is the third encouraging pointer.

The only problem indicator is the market's valuation. Garzarelli warns that the 3,300 level is the next real danger point because at that stage the market reaches an historically low dividend yield of 3 per cent which, in simple terms, suggests that stocks are no longer cheap.

Looking ahead, investors should be particularly wary of a reversal of the recent easing in monetary policy, Garzarelli believes. She warns that a Fed tightening could result in a downward a correction of stock prices of 15 per cent to 20 per cent.

The main message from equity analysts is that investors should beware of the euphoria of reaching the record 3,000 level and look instead at the dangers of the uncharted territory to come. It may not be so much a question of a risk of a major decline but more whether returns on investing in equities at present levels will continue to be attractive.

Abby Joseph Cohen, chief strategist at Barclays de Zoete Wedd in New York, said: "Although there has been much hoopla about the Dow this year, Treasury bills have turned in a better risk-adjusted performance than stocks."

She also notes that the surge in the Dow masks an extraordinary diversity of performance in individual stocks and different sectors. "Investors should recognise that the fundamentals have not changed but as prices go up, values worsen. There is more risk in equity ownership now."

Writing a week ago, Kenneth Spence of Salomon Brothers noted that the rise from [illegible] in the Dow depended on the upward valuation of companies with large capitalisation; other indices failed to reach new highs. "The divergence between large, blue chip growth stocks and the broader market indicates that the market is in a blow-off phase. Investors can expect the index to move toward the 3,000 level but on a very selective basis." He urges caution.

The Dow hovered just above 3,000 at midsession yesterday. If it only maintained that level, the following assertion would be disproved: but it is worth suggesting that, as in [illegible] the Dow may hit the big round number but not actually achieve a close [illegible] for another seven years — in 1997.

Janet Bush

JUNIOR MARKETS

Investors begin to get into training

IF THERE IS one theme set to dominate the 1990s' industrial agenda, it is training. Interest has almost reached fever pitch because of the perceived failings of UK education and the "demographic time bomb".

All this translates into considerable potential business for the fledgling training sector on the stockmarket. The highly fragmented nature of the industry which offers massive scope for growth by acquisition adds further promise.

Already, there has been a re-rating of quoted training companies this year, with shares in E W Fact, the sole training company quoted on the unlisted securities market, increasing in value by 86 per cent this year.

The bullish case for training stocks is the perceived failure of the UK to invest in the development of a trained, skilled workforce, compared with its competitors. Germany, for instance, has 92 per cent of 17 year olds in education compared with the UK's 66 per cent. The neglect is becoming more apparent as the number of young people joining the workforce dwindle. Between 1987 and 1995, the number of 16-19 year olds in the population will fall by 25 per cent.

In addition, the growing importance of information technology has highlighted a glaring need for computer literacy. Likewise, the unification of European markets after 1992, will create demand for language training. If these needs are addressed, the training market will boom. The external training market, which was worth £960m in 1989, will grow at a rate of 20 per cent a year, in the view of Schroder Securities.

The market is shared between some 4,500 private training companies, some large in-house training facilities run by individual companies and four quoted companies. The increasing trend to focus on core activities will lead them to subcontract their training businesses, which should benefit the independents. The highly fragmented nature of the market means that the quoted companies have masses of scope to grow by acquisition.

The last point underpins the meteoric rise of E W Fact. This was triggered by an announcement in May of a £2m rights issue to expand its premises and, in addition, the arrival on the board of Peter Linacre, the chairman of the waste disposal company Caird Group. Linacre, a bicycle-riding former stockbroker, claims a passionate interest in education and training, which he lets rip in letters to the press. A recent letter to this paper, for instance, berated the government for its "surly and grudging regard" for human capital, which has led to the "appalling condition of our education system and our lamentably ill-equipped children and workers".

In addition, he has an undeniably good eye for growth industries. Caird has expanded rapidly by acquisition in the thriving and rapidly consolidating waste industry. The fund managers who have followed him into E W Fact are hoping that he can bring his acquisition skills to bear in the training industry. "Everyone is looking for dynamic growth from acquisitions," says Rosalind Lee of Schroders.

E W Fact is primarily concerned with accountancy and banking. Similar interests occupy two of the other quoted companies, both of which have graduated from the USM. D C Gardner, which moved up to the official list in January, is principally concerned with non-exam tailored courses for the banking sector, although it has since added accountancy trainers Chart Foulks Lynch and ATC and outplacement consultancy Coutts.

BPP is one of the principle players in the chartered accountancy tuition market. It also publishes textbooks and teaches languages, through Linguarama and teaches academic qualifications. In addition, it collaborates with Kingston Business School to offer an open learning MBA course.

There is a strong bias towards financial services and professional qualifications. They are seen as high margin, reliable business although there are some risks, albeit low, from potential retrenchment in the industries, a merger of some of the professional bodies or a shortfall in the number of students entering the professions.

Other types of training have tended to be less lucrative although they too are represented in the quoted companies. BPP has a small operation teaching computer skills on employment training schemes; E W Fact teaches secretarial, computing and catering skills to people on youth training and employment training courses. But perhaps the broadest range of training is offered by CRT, which moved into training after a reverse takeover last year. It works for both the public and private sectors and, among other activities, it trains sales people in the motor trade, financial services industry and estate agencies.

There are clearly plenty of gaps in the quoted sector, considering the demand for language and industrial skills, which may, in due course, translate into stockmarket activity. "A lot of people are looking to get in. The market cannot fail to grow," says Lee.

Vanessa Houlder

How will investors in such funds be affected by the ERM? **Patrick Harverson** reports

Currency funds: making money from money

FOR ONE category of investor, the question of sterling's strength and the UK's apparent imminent membership of the Exchange Rate Mechanism is more than a matter of political curiosity.

Investors in offshore currency funds, which are predominantly sited in the Channel Islands, need to think rather more urgently about the issue.

There are two types of funds:

- Deposit funds, sometimes known as single currency funds, let the investors choose one currency to invest in and offer the ability to switch rapidly into another. The deposit funds in the Channel Islands total approximately £2bn, although half is held in the form of sterling deposit funds by ordinary savers who are looking for gross interest rather than the benefits of appreciating currencies.
- Managed currency funds, which are run by professionals who invest in a mix of currencies. The mix is usually based upon "blocs" of currencies, such as those currencies that move in line with the yen, those that move with the US dollar, and those tied to the D-mark through the EMS or government policy. The managed currency funds hold the equivalent of roughly £750m worth of investors' assets.

In both cases, the objective is the same: to search for and find currencies which offer an attractive interest rate and which are appreciating in value, or at least discover the best combination of the two.

Managed currency funds first became popular in the early and mid-1980s when sterling was weak, and UK investors were looking for a low-risk savings vehicle that would maintain or improve the purchasing power parity of their assets.

The recent strength of the pound and the question of ERM membership has meant a re-rating of sterling within managed funds' baskets of currencies, explains Philip Saunders of Guinness Flight, one of the pioneers of the managed currency fund concept and one of the largest in the business, with two funds worth £75m.

The mix of currencies within any basket depends on the managers' judgment of the direction of international capital and current account flows and their effect on currency values, and relevant political and economic factors.

The realisation that sterling's entry into ERM is perhaps nearer than initially anticipated has led Guinness Flight to move the pound from a very low weighting in its basket to what Saunders calls a "pretty aggressive weighting" in readiness for ERM entry. Sterling now makes up 30-40 per cent of the basket's value.

Not everyone agrees that sterling is on an upward path. William Macdougall of Hill Samuel believes the pound has peaked, and he does not expect

'Monetary union would wipe out a large portion of the market'

the Government to go into the ERM until December at the earliest. Consequently, he has reduced sterling's weighting in Hill Samuel's managed funds over the past few weeks from 30 per cent to 21 per cent.

When ERM membership is finally announced, currency fund managers will be watching closely two key decisions that the politicians will take: at which central exchange rate the pound is initially set against the other EMS currencies, and which margin is allocated to the pound.

TABLE OF CURRENCY FUNDS

Fund	% increase	ranking
Sun Alliance Intl Cur F	81.0	1
Hill Samuel St Mgd Cur	79.1	2
Guinness Flight GS Mgd Cur	75.2	3
IBI Int'l Managed	72.7	4
Scimitar Worldwide Mgd Stg	71.5	5
Hambro Cur Mgd Stg	71.0	6
Guinness Flight Int Mgd C	69.8	7
Ermitage Cash Fund	68.6	8
Brown Shipley Int Cur	68.3	9
OC Int Res - D Marks Mgd	64.5	10

Figures show total % growth over period with sector ranking, over 5 yrs in £ terms. Source: Finstat

The margin, which will be set by the UK Government in agreement with the other EMS members, is used to limit the amount a currency can move either side of its central rate against the other currencies. In effect, it provides a ceiling and a floor for the exchange rate. Two margins are available, 2.25 per cent and 6 per cent, and the indication so far is the Government will choose the latter.

David Tapper of Hambros believes the question of the margin is vital. If it is 2.25 per cent, volatility is inevitably reduced and the opportunities for appreciation and depreciation are limited. If the pound is allocated the 6 per cent margin, then the potential for large rises and falls is obviously greater, and investment decisions would accordingly be taken in a different light.

There is also the risk that some time after entry the Government may be forced to revalue sterling if it keeps threatening to break its margins, adding another factor that managers of currency funds have to consider.

The trickiest task will be judging whether a currency is heading for a revaluation. Although the consistent weakness (or strength) of a currency should warn investors and managers of an impending change in policy, an unexpected, and large, revaluation could have a potentially serious impact on the value of holdings in currency funds.

Philip Saunders of Guinness Flight is relatively bullish about the pound. He believes it will enjoy something of a honeymoon period after entering the system, rising to the top of its permitted range as the markets respond positively to ERM membership and investors buy sterling for the high interest returns available.

However, the initial glow of membership may wear off quickly, especially if the Chancellor decides the economy can handle a reduction in base rates, or if the economic and political situation worsens sufficiently to persuade investors to get out of sterling. The skill in managing a currency fund, is in anticipating such changes and altering the weightings accordingly.

For the simpler currency deposit fund, the effects of sterling's membership of the ERM appear clearer cut. The reaction of the investor in deposit funds to entry should be much the same as the investor in managed funds; if you think sterling looks a good bet for the short-term then sit tight.

But if the ERM's objective of exchange rate stability is achieved then the volatility of European currencies in the system should be reduced. This, says Graham Barker of Rothschild Asset Management, is likely to lead to less switching between individual currency funds by those investors attempting to "play" the foreign exchange markets.

Yet most investors in deposit funds are not looking to make spectacular returns on their capital by shifting their assets from one currency to another. The majority uses deposit funds for normal business or personal reasons. The interest available or the likely capital gain are not, therefore, the prime motivations for investing in a deposit fund, says Barker.

If you are interested in investing in currency funds, you should remember to check the tax situation. There are two types of fund. "Distributor" funds pay the income gross which makes them attractive for non-tax payers such as expatriates and married women on a small income, although other investors would be liable to income tax. Any capital gains would be liable to CGT if they exceed the £5,000 CGT allowance. "Roll-up" funds accumulate the income and investors are liable to pay income tax on the withdrawal of capital and income gains.

In the very long term, of course, the implications for currency fund investors of the UK's full participation in the EMS are significant. Quite simply, if the main aims of European Monetary Union are realised, and a single European currency is born, then a sizeable portion of the offshore currency fund market will be wiped out as the pound, the D-mark, the franc and the rest are swallowed up by the new unit of exchange, whatever that may be called – the Ecu, or perhaps even the Delorean after its greatest advocate, Jacques Delors.

David Barchard on mortgage schemes that offer a little help in hard-pressed times

From boom to gloom in the housing market

IT IS now almost two years since the housing boom of the late 1980s ended. Ever since then, the housing finance industry has been trying to persuade itself that things will improve in a month or two.

A bad market means different things to different people. If you are a homeowner staggering from month to month with mortgage payment burdens you never anticipated when buying your property, the outlook remains bleak, at least until the end of the year when rates may drop by a percentage point from their present standard level of 15.4 per cent. This will only take them back to where they were in the first half of last year.

"A 1 per cent cut isn't going to enable the building societies to take their mortgage rates down very quickly," says Ian Darby, marketing director at John Charcol, the Knightsbridge mortgage brokers.

If you are primarily interested in watching the value of your house rise, the market offers little cheer at the moment. Conditions, of course, vary sharply from one part of the country to another. In the north east, Northern Rock building society reports that house prices in its home territory in the north east are still far more buoyant than in London and the south east.

A glimmer of hope came last week when the Halifax house price index showed a 0.3 per cent rise in house prices across the UK in June after a month of stagnation. This is still not much comfort for people with homes in Greater London where house prices are 8.2 per cent down on a year ago and 1.1 per cent down on the quarter.

"House prices could fall as much as 10 per cent this year if not more," says Paul Seaman of the Building Societies Association.

"Much of it happened during the first half of this year so from now on we should see a bottoming out. We think that next year prices will begin to creep back up but we don't see any substantial increase ahead in prices or return to anything like the 1988 boom."

Seaman says interest rates are unlikely to fall substantially in the next year or so, even with a general election approaching. A drop of 2 or 3 percentage points would help the market pick up. But a strong upturn in the housing market is unlikely before the UK economy stages a recovery.

Those who pin their longer-term hopes to the housing market may have been heartened by a recent forecast from the Household Mortgage Corporation that house prices across the UK will rise by 77 per cent in the next five years, with increases of more than 90 per cent in London, the south east, and the Midlands.

With that in mind, many first time buyers seem to have decided that now is the time to enter the market. Some 55 per cent of house purchases during the first half of the year came from first time buyers. "People seem to have decided that there is no point in holding back any longer," says Mandy Witt, a mortgage broker at Greig Middleton.

"We are getting a steady stream but we don't expect too many first time buyers till next year," says Witt. "The upturn that people are looking for is expected next spring, but if new buyers can weather the continuing high rates for the next few months there are a lot of bargains to be had, especially some of the mortgage schemes offered by the builders. There are huge stocks of property waiting to be sold."

HMC has just offered a two-year, fixed-rate mortgage of 13.95 per cent, offering loans of up to 100 per cent on an interest-only basis. Borrowers choose for themselves whether they want to repay with an endowment policy, a pension scheme, a personal equity plan or other investments. After August 1992, the mortgage switches to a variable rate. The maximum loan period is 40 years, so in theory a young purchaser could pay off the mortgage by selling the house at the end of his or her career.

In the present climate, that is about as attractive a fixed rate package as you are likely to get. If interest rates do not go down for another nine or ten months, it may still be worth taking a fixed rate below 14 per cent, but you should be careful to ask what early redemption penalties there are.

An alternative is to take a discount. Woolwich Building Society offer first time buyers a one-year discount of 1 per cent, but only on endowment or pension plan mortgages. Many people prefer to take out straightforward repayment mortgages which are easier to adjust if things go wrong.

Low start schemes, which start off with discounts of perhaps 3 percentage points and involve a jump in monthly payments after the second or third year, are less popular than they were. Some brokers say customers with low start mortgages who have come unstuck when they found themselves facing heavier monthly payments a few years later.

Witt says she advises caution on many low start schemes. She and other brokers are impressed with the interest-only mortgages now being offered by Cheltenham & Gloucester and Britannia, and The Mortgage Corporation. On these mortgages, customers pay only interest, at the societies' normal rates, and do not need to make any formal arrangement for paying back the loan.

Ian Darby at John Charcol says interest-only mortgages have been a lifeline for the market in difficult times, but as they do not generate an automatic accompanying life assurance policy, the insurance industry and many intermediaries are less enthusiastic.

'There is a huge stock of property waiting to be sold'

Are interest-only mortgages a good idea? They are obviously an excellent temporary expedient for the market, enabling people to buy properties who would otherwise not be able to do so. But people with interest-only mortgages could be caught out worse than most others in the event of a sustained fall in property prices. C&G will not lend for more than 95 per cent of the value of the property.

"The interest-only loans suit people who do not plan to move too quickly," says Gill Colver, a spokesman for C&G. "But if you are taking out another loan and redeeming the original one with us at the same time, it shouldn't be a major problem even if property prices have moved against you to some extent."

Finally, if you have an income of more than £80,000 and want a large loan (minimum £200,000) to cover around 60 per cent of the value of your property, John Charcol believes that a new foreign currency mortgage it is launching may interest you.

John Charcol this week launches a second generation product: a multi-currency mortgage, in which the loan is split between several different currencies. The interest charged is 2 per cent over the average London Interbank Offer Rate. The trick, John Charcol has concluded, is to link the loan to a basket of currencies which are weaker than sterling at least in the short term.

The Japanese yen, for example, has been weaker than sterling for the past eight months; a borrower with a yen mortgage would currently pay about 8.75 per cent. For the past few months, borrowers of loans denominated in D-marks and dollars would also not have fared badly, according to John Charcol.

Darby says homebuyers who get their foreign currency mortgages right can look forward to lower interest rates, than they would pay on a sterling loan. However, because of the currency exposure, these mortgages are not for the fainthearted or inexperienced.

Those who do get a multi-currency loan will also have to pay a fee of 0.5 per cent to a currency management company on top of a similar fee to Charcol.

Meat market tempts the unwary investor

INVESTORS hunting for bargains might be tempted to seek out a sector hit by bad news, so they can buy the supposedly languishing shares and wait for a recovery.

What could be a clearer cut case of such an accident than the scare over "mad cow" disease and the subsequent dive in beef consumption? At the peak of the panic in April and May, sales were 25 per cent down and they remain 10 to 15 per cent below pre-BSE levels.

Sure enough, Sims Food, the purest player in beef processing, has seen its price fall by 50p to 215p since April 1, a 23 per cent decline relative to the FT-Actuaries All-Share index. Borthwicks, which has half its sales in meat but makes its money in flavourings and ingredients, has underperformed by nearly 14 per cent.

But then the picture gets complicated, partly because other quoted companies in the meat business – notably Hillsdown Holdings – have diverse interests, but also because of conflicting views about prospects for the trade. Hillsdown, which has gained in its poultry activities from the swing away from beef, has outperformed the index by 20 per cent since April 1.

The sanguine scenario from the red meat processors is that they will recover from the BSE scare this winter and then enjoy a resurgence next summer, along the lines of the recovery being experienced by Bernard Matthews, which is strong in poultry, since memories of the salmonella scare have faded.

After three years of stagnating sales and declining profits (partly due to unsuccessful diversification), Matthews is due to beat the forecasts this year. Positive factors include not only the bounce-back in demand for poultry, but also rationalisation within the sector. Matthews' shares have duly risen from 55p to 78p since April 1.

Simms and Borthwicks apply a similar argument to other meats. They say health scares will act as a catalyst to a tightening of standards, which will drive out small operators.

The industry is ripe for consolidation. Although there are about 800 abattoirs in the UK, the 80 with EC approval handle 40 per cent of the slaughtering.

Another advantage held by companies with more resources is that they are well placed to become suppliers to supermarkets. Retailers' concern about the meat's origin and pristine slaughtering conditions is one factor driving this trend. But the supermarket chains are also tending to close or reduce their butchery departments and buy in the meat ready cut and packaged.

Although this involves the supplier in extra investment, the margins may rise from 1 or 2 per cent for simple slaughtering to between 4 and 6 per cent for cutting and packing. The more up-market approach helps to compensate for the long-term decline in demand.

But even if you buy all these positive factors, there is no need to rush in. It would be prudent to wait until the cost of the BSE scare is counted.

It is also worth weighing up some of the complications that attend the apparently good news about EC approval and opportunities for adding value.

On the issue of EC approval, the common standard has yet to be decided and it is possible there will exemptions and deferrals beyond 1993.

Nevertheless, the trend among the larger companies is towards making the investment to gain EC approval. And this is not necessarily a drain on resources because companies may be able to rationalise their slaughtering operation and free edge-of-town sites for development.

There is perhaps rather more scepticism among observers about the added-value argument. One comment was that a real breakthrough for the slaughtering industry would be the breeding of lambs with four back legs, rather than in the provision of a simple cutting and packing service.

If you look at a company like Northern Foods, it has withdrawn from roast chickens because it had become too much of a commodity business, and instead cultivated its prepared meals operation which does add significant value.

A further complication is that, with the exception of Sims and Matthews, meat is only one leg of the business. Hillsdown must be more worried about its furniture and construction activities, and Unigate has been held back by vehicle sales and distribution.

So, while the arguments remain powerful that there has been over-reaction to the BSE scare, there is no need for haste, or too much enthusiasm, in anticipating a recovery.

Jane Fuller

FINANCE & THE FAMILY

Big hopes of a small revival

THE PAST couple of years have been abysmal for smaller companies: any investor who put his money in a smaller companies fund in that period is probably kicking himself.

However, interest in smaller companies has started to pick up, and fund managers think they can see the light at the end of the tunnel. So could this be a good time for private investors to get into the sector?

Not immediately, but perhaps in a couple of months or so, thinks Nick Watts, chief investment officer at John Govett. The Govett UK Small Companies fund, which is managed by Tom Walford with the assistance of Watts, has consistently stayed at the top of the smaller companies fund performance tables.

Walford says that while the smaller companies sector is still facing problems, there are signs that it is reaching a low point. "Positive news on specific companies is now being greeted by a mark-up in the share price rather than being ignored, which was largely the case only a few months ago."

Watts thinks that investors may have to think carefully about whether to invest sometime during the next six months, but adds: "Most investors prefer to get in early rather than wait until the market actually turns."

He thinks that underperformance in the smaller companies sector could continue for another six months but is convinced that it will turn around: "I don't think the smaller companies index will outperform the FTA-All Share in the next six months but perhaps it may in the next year . . . if so, it is better to get in early than late."

The Govett fund has topped the league of smaller companies funds over the last two-, three-, five- and seven-year periods and ranked second over one year. That said, however, the sector has performed so badly in the last year that you would still have lost money in the fund over that period: £100 invested a year ago would be worth £89.83 today, under-performing the FT-Actuaries All Share index. But £100 invested seven years ago would be worth £439.51, outperforming the All Share.

The fund now has £32m under management and is split as follows:

■ 40 per cent is invested in strategic situations, where Watts is "looking for significantly undervalued assets, not necessarily recovery situations. In such cases Govett is prepared to take a pretty significant position of around 15 per cent of the shares in the company and spread these between two or three funds. These are large stocks which we usually hold long-term."

■ 45 per cent is invested in smaller companies. At the moment the fund has a high exposure to the electronics sector where Watts thinks that some of the small companies have a "great recovery potential."

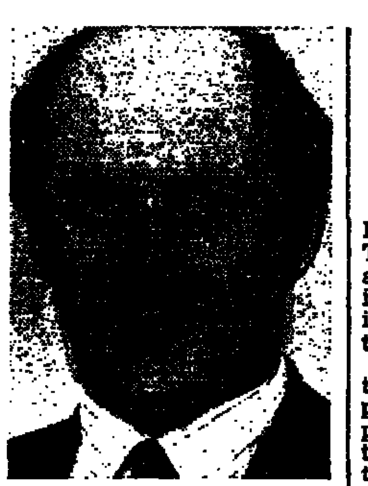
■ 15 per cent is held in cash and convertibles. Although the fund aims for capital growth, it does generate a low income. As one of the features of smaller companies is to reinvest their income back in the company, they tend not to have high dividends: hence the fund holds convertibles and cash to meet the requirement for income."

Why are some people more optimistic about this sector at the moment?

The last two years have been bad for smaller companies for several reasons. Watts points out that when the going gets tough, larger companies tend to put the squeeze on the small suppliers.

"The market is very nervous about the problems faced by smaller companies – as a result the share price has fallen for perfectly good smaller companies. It is impossible for market makers and brokers to make any money from this sector and so the stock gets marked down on very little business.

"Smaller companies are more at the mercy of the UK economy, and the particular problem at the moment is high interest rates." So when Watts and Walford pick their shares for the UK Small Companies fund, they look at the balance sheet to check the company's borrowings – with high interest rates, small companies which have borrowed heavily are more likely to have problems. They also look at the company's assets to see whether they are undervalued, in case the management has to sell them.



Tom Walford

Nick Watts

So what are the prospects for the UK economy in the next year or so, and how will this affect smaller companies? Watt believes UK interest rates will remain at high levels if the Government is to keep inflation down: "We're beginning to see the evidence that the Government's high interest policy is starting to work, with a slowdown in the consumer sector, in capital investment and a fairly significant crunch on corporate profitability."

But he expects interest rates to come down in the first quarter of next year by perhaps one percentage point, and if sterling remains strong, he thinks the domestic-oriented smaller companies are more likely to benefit than their internationally-inclined big brothers.

Sara Webb

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000	0-7
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-9,999	0
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999	0
High interest cheque	9.60	10.00	8.00	monthly	1	25,000-49,999	0
High interest cheque	10.20	10.70	8.56	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999	90
90-day	11.50	11.83	9.46	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.	3 mths
35th issue♦	9.50	9.50	9.50	not applica	3	25-1,000	8
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.82	11.37	9.10	monthly	1	2,500	0
Provincial Bank	11.02	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	13.14	11.04	9.79	half yearly	4	-	0
8pc Treasury 1992	12.81	10.71	9.45	half yearly	4	-	0
10.25pc Exchequer 1995	12.00	9.33	7.73	half yearly	4	-	0
8.5pc Treasury 1994	12.27	9.99	8.62	half yearly	4	-	0
3pc Treasury 1992	10.71	9.89	9.40	half yearly	4	-	0
Index-linked 2pc1992§§	14.05	11.36	11.04	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Diary of a Private Investor

Hot tips for summer

HOLIDAY TIME is here again! The summer holidays have always seemed to me to be an ideal time to research and investigate investment opportunities.

I take my two young daughters to shops to see what people are buying: are any new products making millions for their manufacturers? Is it true that all shops are suffering a downturn in trade and that stores shares should be avoided? What can be learned from trips abroad? Any new trends that might spread to the UK and from which certain shares might benefit? Are there any tips to be picked up from foreign newspapers?

In 1986 I bought shares in the US company Amfac for US$ 24.88 each, mainly because the company owned more than 50,000 acres in Hawaii. I had observed, while on holiday, that the Japanese were eager to acquire Hawaiian assets and I thought Amfac's land holding might benefit. In 1988 I accepted Chicago-based JMB Realty Corporation's takeover offer for Amfac at US$ 49 a share.

In 1987 I read an item in a Florida newspaper which described how a number of US consumer electronics retailers had fallen on hard times. I thought that trend might affect the UK so I avoided shares in consumer electronics retailers. Had I bought Dixons' shares at that time I would have made a considerable loss.

In the same year my two daughters enjoyed yet another visit to DisneyWorld, so they bought some Disney shares and more than doubled their money when they sold them in late 1989.

Last summer, while watching the grass turn brown as millions were spent on advertising the water authorities privatisation, I bought shares in Sycamore Holdings in the hope that the British, with hot summers, would become as keen on barbecues as the Australians.

Sycamore makes garden furniture and imports and sells US barbecues. I paid 35p per share, but the company did not live up to my expectations. I cut my losses late last year and now have a much reduced holding. Sycamore shares are now around 25p and the company is capitalised at less than £3m, so I am hoping that someone might regard it as a "shell" and take it over.

So far this year I have noticed from my trips to London that Japanese tourists are still attracted to certain stores – so I am retaining my shares in DAKS Simpson, which has introduced a sushi bar in its Piccadilly store and employed a number of Japanese sales assistants.

It seems to me that the Chancellor's policy of high interest rates does not seem to

The holidays are ideal for homework, says Kevin Goldstein-Jackson

have badly hit people aged about 55. I suppose many such people have only modest mortgages (or have already paid them off), perhaps have inherited a reasonable sum and now have even more to spend due to the high interest paid on their deposit accounts. High inflation also boosts the yield on their index-linked national savings certificates.

Such people were particularly noticeable in travel agents. While cheap package tour operators seem to be suffering a sharp drop in the numbers of people wanting a low-cost Spanish holiday, making me avoid buying shares in such companies, there seemed to be many 55-plus people willing to spend thousands on ocean liner cruises or on holidays in exotic locations.

I live in Poole, Dorset, which attracts thousands of holidaymakers due to its beaches. I have found that in summer many tourists also look at houses with a view to relocating to the area. Poole has attracted some big business players, and the area is the nearest Britain comes to a California-type environment. It amazes me that MCA, the US owners of Universal Studios, and its UK partners, the Rank Organisation, should currently be contemplating building a vast entertainment complex on some Essex marshes rather than in Dorset. If they chose Dorset instead I might be tempted to buy MCA or Rank shares.

This is also the time when tourists consider buying a holiday or retirement home. Thus, summer is generally quite good for seaside estate agents.

I was therefore somewhat surprised when the Prudential estate agents near my home disappeared almost overnight as part of Prudential's closure plan for 175 office branches. Prudential's estate agency operation, which cost it more than £230m in the mid 1980s, made a loss of almost £49m in 1989. Will it change its name to the Imprudential – or will it face a bid from a European company?

Our family holiday this summer is to Europe, to see if all the junk mail I get about Europe is worth taking seriously. For example, I recently received circulars urging me to "invest in the new European revolution" with Pearl's New Europe Unit Trust.

The Pearl brochure stated: "In Germany, had you invested in Colonia [an insurance firm] your investment would have risen by 100 per cent in the last year . . . and in France AGF rose 65 per cent." I didn't invest in those companies – did Pearl? And why not mention some of the European companies whose shares price fell, or those that have filed for bankruptcy?

I have serious doubts about making long-term fortunes from Europe. I like Switzerland, but as for the EC countries: why should they want to get even closer when the USSR and Eastern bloc countries are busily breaking up to form states/countries based largely on ethnic and/or language characteristics? Wouldn't the UK be better off linking with English-speaking countries instead? After all, since joining the EC, Britain's trade deficit with EC countries has become enormous – maybe the EC needs the UK market more than we can cope with theirs?

MIM chokes on water offer

"FOR A share in a sparkling tax-free investment . . . just add water."

The slogan could have formed part of the Government's promotion campaign to encourage the public to invest in the flotation of the water industry last November.

In fact, it was emblazoned across the cover of a brochure mail-shotted to shareholders in Thames Water by MIM, the fund management group, earlier this month. It suggested to those Thames shareholders contemplating selling their shares that instead of making the second payment instalment due at the end of this month, they might exchange their investment for a MIM Britannia Personal Equity Plan.

It is a mail-shot MIM must be wishing it had never sent. It has suffered a rap over the knuckles from the Investment Management Regulatory Organisation (Imro), the City self-regulatory body, as a result.

Imro's move came after an infuriated Thames complained that the promotion had confused its shareholders because they believed Thames itself must be encouraging them to sell their shares.

It is a cautionary tale for other management groups that may be thinking about writing to shareholders in privatised companies – although it is not the principle of mail-shotting a shareholder list which is at stake. It seems clear that MIM's promotion has breached Imro's rules: possibly for reasons which feature among the 10 points Thames raised with Imro. Among other things, Thames said that the information given was "incomplete and potentially misleading."

In extolling its Pep, MIM did not mention that people who made themselves eligible for perks such as bonuses or discounts would lose these rights if they sold their shares now. What MIM *did* mention, in contrast, was that a future government might renationalise water "on unfavourable terms."

Whatever the answer, it is too late for any of Thames' shareholders who wish they had not responded to MIM's brochure. Yesterday marked their last chance to sell the shares without the second payment being made . . .

Clare Pearson

The Week Ahead

Lloyds first with bad news

LLOYDS BANK kicks off what will be a grim interim results season for the clearing banks next Friday. Just about everything is going the wrong way for banks at the moment: lending demand is falling off, margins are being squeezed, and bad debts are mounting.

Comparisons with the previous year's first half will be misleading because the banks made huge provisions against Third World debts in the early part of 1989.

Therefore analysts will be looking at the underlying performance, and this will show a worsening trend. Barclays de Zoete Wedd is forecasting a 14 per cent fall in underlying profits to £446m at Lloyds, with non-LDC provisions rising by two thirds to £200m. But the actual bottom line is likely to show a sharp rise, from £93m to £446m.

This trend will be typical for the other clearers, who report the following week, with the exception of Midland where the fall will be much sharper.

Tuesday will bring half-year results from Reuters Holdings, the financial information and news group which has been one of the strongest-performing shares in the last 18 months. Analysts are expecting pre-tax profits for the six months to June 30 of between £160m to £170m, which would represent growth of over 18 per cent on the corresponding period.

Interest will centre on the progress of the latest screen-based services which Reuters supplies to the world's financial markets, such as Money 2000, phase 2 of Dealing 2000 and Globex. The only cloud on the horizon is likely to be the current strength of sterling, which may curb revenue growth in the second half.

When LASMO, the independent UK oil company, announces its interim results on Wednesday, attention will focus on its exploration activity rather than on its profit. It may also receive a bouquet for the speed of its reporting: only 25 days after the end of the period. Net income of £30m to £33m is expected for the six months to June 30, compared with £27.6m.

In exploration, progress is expected to have been impressive both in the North Sea, where a deal this week with Occidental Oil increased its presence, and elsewhere.

LASMO bought into the North Sea Claymore and Piper fields through its acquisition of Thomson early last year. Since then it has relentlessly pursued reserves around these fields. The oil price for the first half averaged just under £10 a barrel compared with £11.30 for 1989.

Wednesday sees final results from Budgens, the food retailer headed by John Fletcher, which is still trying to live down its unsuccessful leveraged bid for Gateway three years ago and its failed merger with William Low last year. Worse, Budgens made a profit warning earlier this month after hitting problems with its new distribution depot.

So profits for the year to end April will see a sharp downturn – if gains on property disposals are excluded.

Analysts are looking for about pre-tax profits of around £3m, plus a £9m or so exceptional gain, meaning total profits will not be far away from the £12.5m made in the previous year. Fletcher has promised to hold the annual dividend pay-out at 5p. Last week Sir Ron Brierley's IEP Securities increased its stake to 14.1 per cent.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Crystalate	94§	87	73	35.95	TT Group
Crystalate	90*§	87	73	34.43	Vishay
Epicure Inds.	34*	32¼	28	27.34	Heron AB
Filofax	30*	30	25	4.30‡	Twd Earl cons'tm
Fitch Lovell	302§§	298	295	302.40	Booker
Frost Group	421*	425	358	60.12	Norfolk House
Hartwell	155*	155	141	122.65	Jameel
Hoskyns Grp.	330*‡	359	219	197.59	CAP Gemini
I.O.M. Steam Pkt	115*§	120	95	17.25	Sea Containers ♦
Mecca	87½	79	84	273.04	Rank Org.
Do.7.25p Cv. Pf.	80½	68½	56	251.20	Rank Org.
Multitrust	44*§	46	44	1.90	Pather Sec.
Tozer Kemsley	150*§	142	115	351.72	IEP
Trielus	178*§	176	133	19.12	Asahi

*All cash offer.††Cash alternative.‡Partial bid for 69.5%. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 20/7/90.†At suspension.§§Shares and Cash.‡ Offer values co. at £4.3m - bidder will retain no more than 51%.♦ Bidder Already owned 41%

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AB Consultants	Apr	2,470	(1,680)	20.7	(17.0)	6.4	(3.5)
AIM Group	Apr	2,480	(4,530)	10.8	(25.2)	9.0	(9.0)
Asda Group	Apr	180,300	(246,600)	10.1	(13.8)	4.8	(4.8)
Banner Homes	Mar©	559	(1,600)	2.4	(9.9)	0.8	(2.5)
Beaverco	Mar	177 L	(2,140)	-	(17.6)	1.9	(7.5)
Bertam Holdings	Dec	1,410	(2,540)	4.58	(8.84)	2.2	(3.0)
Bespak	Apr	3,910	(3,710)	19.4	(17.6)	7.0	(6.0)
Bogod Group	Mar	158	(206)	0.83	(1.2)	0.32	(0.32)
Brasway	Apr	2,710	(3,660)	2.33	(3.27)	0.78	(0.78)
Brit. Building	Mar	324	(725)	17.2	(37.7)	2.5	(4.0)
Broad Street	Mar	2,190	(2,430)	3.17	(4.03)	0.75	(1.5)
Brunning Group	Mar	1,410 L	(962)	-	(14.6)	-	(5.0)
Bulmer HP	Apr	12,010	(10,540)	13.9	(10.3)	7.65	(6.94)
Chelsea Artisans	Dec	61 L	(160 L)	-	(-)	-	(-)
Clark Matthew	Apr	9,510	(8,410)	51.6	(44.4)	13.5	(13.0)
Clarke Hooper	Apr	4,070	(2,260)	16.8	(14.7)	4.3	(3.9)
Danbury Group	Mar	1,240 L	(1,790)	-	(17.3)	0.562	(-)
Davies DY	Apr	1,450	(1,240)	15.9	(14.2)	5.7	(5.6)
Elbief	Apr	178	(510)	0.92	(2.7)	0.646	(1.92)
Excalibur Group	Apr	4,000	(2,960)	7.7	(6.2)	1.35	(1.0)
Ferranti Int'l.	Mar	161.7mL	(-)	-	(-)	-	(-)
Firth GM Hldgs.	Mar	1,810	(5,510)	3.69	(11.6)	5.0	(5.0)
Fitch Lovell	Apr	32,300	(32,000)	21.8	(24.3)	12.5	(12.2)
Ford Sellar	Apr	25,380	(14,150)	39.8	(26.0)	7.0	(5.0)
Great Universal	Mar	417,300	(400,200)	109	(105)	34.5	(31.5)
Grosvenor Dev.	May#	46	(20)	0.47	(0.72)	-	(-)
Hampson Industs.	Mar	7,910	(6,230)	7.89	(7.13)	2.65	(1.92)
Helton Holdings	Apr§	2,810	(2,100)	9.9	(6.98)	2.0	(1.6)
Holmes Protect.	Dec‡	20,308L	(9,304)	-	(13.0)	1.2	(3.1)
JLI Group	Mar	2,010	(1,850)	8.1	(7.9)	3.9	(3.5)
MFI Furniture	Apr	3,500 L	(65,600)	-	(-)	-	(-)
Moorgate Inv Tst	May	n/a	(n/a)	10.4	(8.83)	10.2	(8.68)
Multitone Elect.	Apr	779	(249 L)	2.9	(-)	1.0	(0.1)
Norbain Elect.	Apr	251	(121)	2.4	(0.9)	0.7	(0.7)
Oceana Invest.	Mar	607♦	(411♦)	11.6	(8.9)	7.5	(5.5)
Park Food Group	Mar	3,030	(3,040)	16.5	(16.5)	6.3	(6.3)
Prism Leisure	Mar	405	(550)	4.8	(8.7)	4.5	(4.5)
Ransom (William)	Mar	864	(806)	3.78	(3.46)	1.89	(1.52)
Save & Pros Ret.	May	2,960‡	(2,500‡)	9.97	(7.57)	6.25	(4.36)
Scott Pickford	Mar	100	(71)	0.76	(0.77)	0.425	(0.37)
Stanley Leisure	Apr	8,400	(5,090)	19.1	(17.1)	5.4	(4.6)
Swanyard Studios	Dec	230	(87)	0.06	(0.06)	-	(-)
Symonds Eng.	Mar	564	(203)	3.32	(1.27)	1.25	(1.0)
Tinsley Eliza	Mar	1,320	(1,410)	11.9	(12.5)	5.2	(4.8)
Tomkins	Apr	77,100	(65,100)	28.2	(24.5)	9.25	(6.75)
Tops Estates	Mar	2,530	(1,200)	5.75	(2.6)	1.6	(1.5)
Triplex Lloyd	Mar	12,180	(7,740)	20.1	(18.9)	7.0	(5.75)
Zetters Group	Mar	1,120	(772)	10.2	(7.2)	7.0	(6.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aaronson Brothers	Mar	1,020	(1,410)	1.2	(1.8)
Acsis Group	June	5,750	(3,040)	0.4	(0.3)
Ansbacher Henry	June	5,100	(2,200)	-	(-)
BWD Securities	May	679	(759)	1.0	(1.0)
Campari Int'l.	May	1,280	(915)	2.5	(2.0)
Central Motor Auct.	Apr	843	(582)	1.0	(1.0)
Church (Charles)	Feb	6,440	(6,950)	-	(-)
Cityvision	May	8,370	(4,620)	0.5	(0.25)
Dewey Warren Hldgs.	June	3,770	(3,630)	4.0	(-)
Dewhurst	Apr	553	(395)	0.6	(0.47)
EMC Group	Mar	31	(31)	0.3	(0.3)
Eurotherm Int'l.	Apr	6,390	(6,700)	2.5	(1.75)
Everards Brewery	Mar	2	(2,430)	-	(-)
Evode Group	Mar	7,210	(4,464)	1.78	(1.62)
First Leisure Corp.	Apr	10,100	(8,220)	1.55	(1.12)
General Consolidated	June	3,040‡	(2,880‡)	4.3	(4.0)
GWR Group	Mar	454	(799)	3.0	(3.0)
Hunterprint Group	Apr	6,620 L	(2,310)	-	(-)
Macarthy	Mar	2,390	(4,260)	5.0	(5.0)
Microgen Holdings	Apr	4,530	(4,892)	2.2	(2.2)
Plateau Mining	Mar	97	(-)	-	(-)
P&P	May	6,800	(5,000)	1.25	(1.1)
River & Mercantile	June	5,200††	(4,760††)	1.6	(1.5)
St. Andrews Trust	June	1,510†	(1,420†)	2.5	(2.16)
Securiguard Group	May	3,000	(2,450)	3.2	(2.8)
Sperati (CA)	Apr	31	(21)	-	(-)
Witan Investment Co.	June	6,900‡	(10,530‡)	2.25	(1.82)
Yelverton Invests.	Apr	706	(230)	0.75	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Figures quoted in US dollars & cents.© This years figures for a 15 month period.† Revenue before tax.‡ Net revenue.# This years figures for a 5½ month period against 11½ months.♦ Attributable profit.§ Figures quoted in Irish punts & pence.†† Gross revenue.

RIGHTS ISSUES

Associated Farmers is to raise £619,000 via a 7-for-13 rights issue at 61p.
Falcon Resources (new name United Energy) is to raise £2.4m via a three-for-one rights issue at 2p.
Ferranti is to raise £46.8m via a one-for-four rights issue at 25p.
First Leisure Corp. is to raise £30.7m via a one-for-eight rights issue at 182p.
Perkins Foods is to raise £28.9m via an underwritten rights issue of convertible preference shares.
P&P is to raise £26.7m via a 3-for-8 rights issue at 185p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Aitken Hume International	Tuesday	-	0.5	-
Applied Holographics	Friday	-	-	-
ATP Communications	Friday	1.0	-	1.35
Banks Sidney C	Thursday	2.125	4.875	2.5
Beta Global Emerging Mkts.	Wednesday	-	-	-
Black Arrow Group	Monday	1.0	2.75	1.0
Budgens	Wednesday	2.0	2.67	2.0
CESC	Tuesday♦#	-	1.8	-
Dalepak Foods	Monday	0.9	2.1	1.035
Douglas Robert M	Thursday	2.0	4.5	3.5
Dudley Jenkins Group	Monday	1.0	2.0	1.2
Dyson J&J	Thursday	2.0	3.0	2.0
Eve Group	Wednesday	2.0	5.0	2.5
Fleming Enterprise Inv. Tst.	Tuesday	0.75	2.85	1.0
Forminster	Friday	2.75	6.25	3.03
Gibbs Mew	Friday	1.75	3.25	2.0
Goode Durrant	Thursday	1.75	2.75	2.15
Independent Investment Co.	Friday	-	0.25	-
Jacques Vert	Thursday	9.5	2.0	4.0
LGW	Wednesday	-	2.0	-
Menvier-Swain Group	Monday	1.6	3.6	2.1
Misys	Wednesday	1.80	3.0	2.35
Mitie Group	Monday	-	-	-
Mountleigh Group	Thursday	1.25	3.5	1.25
Murray Smaller Markets Tst.	Tuesday	0.65	2.0	1.1
Northamber	Wednesday	-	2.0	-
Optical & Medical Int'l.	Friday	1.65	3.46	1.75
Platignum	Thursday	-	-	-
Savills	Wednesday	1.125	2.825	1.125
Smith David S Holdings	Thursday	2.75	6.0	2.75
Wood John D & Co.	Tuesday	1.5	6.5	1.5
INTERIM DIVIDENDS				
Aegis Group	Wednesday	1.65	3.35	
Allied Textiles	Thursday	4.1	7.4	
Bensons Crisps	Tuesday	0.8	1.65	
Berkeley Govett & Company	Tuesday‡	6.0	10.0	
Bullough	Monday	1.75	4.3	
Continental Assets Trust	Friday	-	0.1	
Derby Trust	Thursday	6.5176	8.6111	
Green Property	Thursday♦	1.2	2.3	
Greenfriar Investment Co.	Friday	-	4.0	
Greenwich Resources	Wednesday	-	-	
Greggs	Friday	4.0	8.0	
Hepworth	Wednesday	5.15	8.76	
Hill & Smith Holdings	Thursday	1.75	3.45	
Hotspur Investments	Tuesday	4.0	8.5	
Imperial Chemical Industries	Thursday	21.0	34.0†	
Jacobs John I	Thursday	1.5	2.8	
Jourdan Thomas	Friday	1.5	4.1	
LASMO	Wednesday	2.9	5.59	
Lex Service	Friday	5.9	9.4	
LGW	Wednesday	-	2.0	
Lloyds Abbey Life	Friday	6.0	11.0	
Lloyds Bank	Friday	4.27	9.0	
Norsk Hydro	Thursday♦	-	4.0	
Owners Abroad Group	Thursday	0.7	3.8	
Prospect Industries	Friday	-	-	
Radius	Tuesday	0.75	1.30	
Reuters Holdings	Tuesday	3.6	8.4	
Rights & Issues Invest. Tst.	Monday	1.6	6.6	
SEP Industrial Holdings	Wednesday	6.4	0.5	
Sphere Investment Trust	Thursday	-	1.295	
Temple Bar Investment Trust	Monday	3.7	8.5	
Yeoman Investment Trust	Thursday	5.0	1.25	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ Interim paid in lieu of final.† 2nd interim dividend.§ Figures quoted in US cents.♦ Figures quoted in Irish pence ## gross).♦ Figures quoted in Norwegian krone per share gross.

EXPATRIATES

Watchdog aims to make Rock a hard place for scoundrels

Peter Gartland on the man faced with the task of restoring Gibraltar's tarnished image as an offshore money centre

GIBRALTAR HAS appointed its first financial services commissioner to help clean up its tarnished image as a money centre.

He is William Penman Brown, aged 60, a former director of Manufacturers Hanover Bank in Guernsey. Initially his contract will be for a two-year period starting in September and renewable by agreement.

His experience of offshore centres includes Bermuda, the Cayman Islands and Jersey, although this appointment is his first as a regulator. He does not see this as a disadvantage.

"It wouldn't be correct to say I'm a babe in the woods of regulation," he says, adding the thought that his practical experience of the activities he will be supervising will help, not hinder, his new responsibilities.

Peter Brooke, Gibraltar's Financial Secretary, is likewise unconcerned by Penman Brown's move from poacher to gamekeeper. "We were looking for a combination of experience and maturity on one hand, and drive and dynamism on the other. We felt he had that sort of experience," said Brooke.

Gibraltar has been actively seeking a financial services commissioner since advertising in the international financial press last February. There were more than 50 applicants. Penman Brown will be expected to fulfil an ambassadorial role in projecting an image of Gibraltar as robust and reliable, according to Peter Brooke, who adds: "he will not concern himself with anything which is overtly marketing activity."

Penman Brown's appointment comes at a significant time in Gibraltar's development and will be seen as a reassuring move by the many thousands of British and Scandinavian expatriates living on Spain's Costa del Sol who use Gibraltar's banks as a deposit base. Deposits increased by almost 200 per cent to £1.3bn between 1987 and 1989, according to the Gibraltar Bankers' Association.

Penman Brown says his priority is to boost Gibraltar's role as a fund management centre, enabling it to compete with other EC centres, principally Luxembourg.

There is no lack of local ambition to put Gibraltar up there with established offshore financial centres such as Bermuda and the Channel Islands. This ambition has the full support of Joe Bossano, the Rock's Chief Minister. Bossano has been an energetic ambassador for the territory's financial sector since his election in 1988 and he has preached its cause at conferences as far away as Hong Kong.

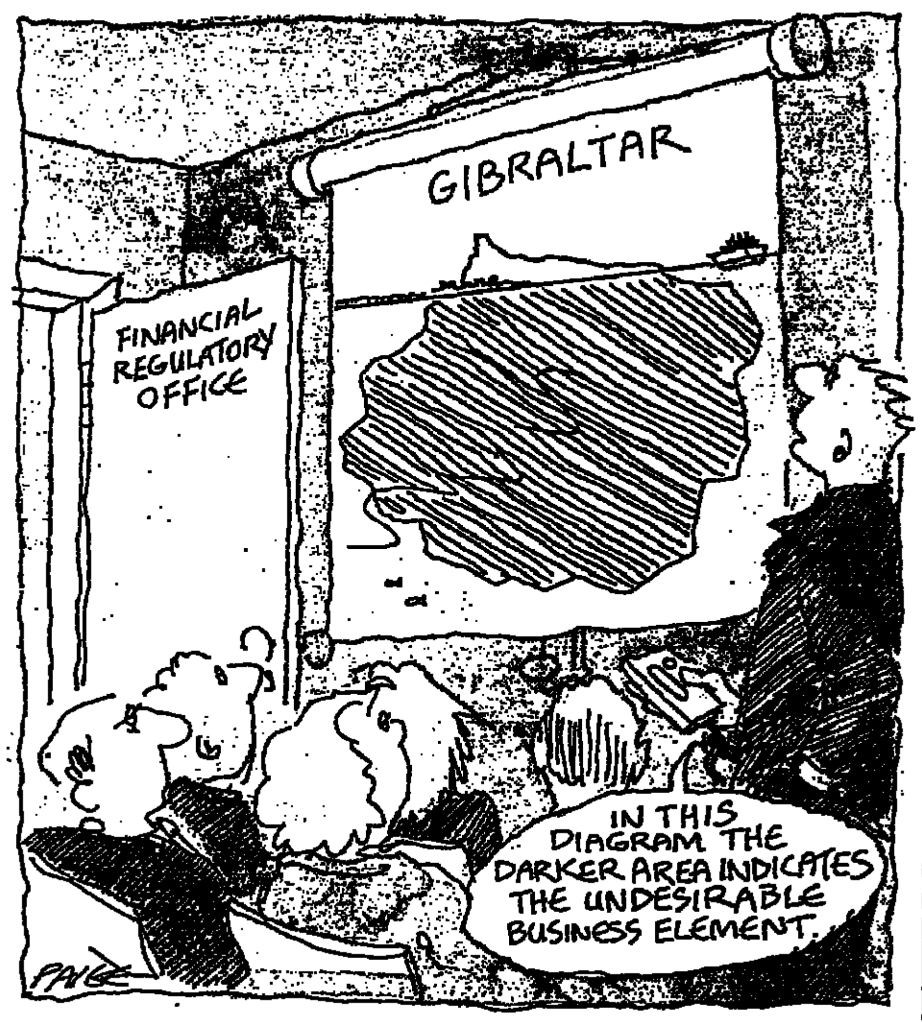
Gibraltar is not short of respectable financial names. Abbey National, Barclays Bank, Coopers & Lybrand and Royal Bank of Scotland are just a few of the many large financial organisations with bases in Gibraltar. The Newcastle Building Society is planning to open an office on the Rock next month.

But in spite of Gibraltar's unquestionably solid infrastructure of bankers, lawyers, accountants and administrators, this tiny self-governing territory at the southern-most tip of the Iberian Peninsula it has been dogged by financial scandal.

The Rock's association with Barlow Clowes International remains fresh in the minds of expatriate retired people in Spain and Portugal and those with slightly longer memories can recall Gibraltar as the home of Signal Life, a supposed insurance company which peddled sales of worthless Weimar Republic bonds as recently as the mid-1980s.

Gibraltar's schizophrenia – its ability to attract the top corporate names while allowing itself to be prostituted by some of the worst – can best be explained by the vast potential for business in southern Spain and the Algarve, coinciding with an absence of laws to stop the scoundrels rubbing shoulders with the good guys.

Gibraltar is now trying to put a stop to all that. Financial services legislation has recently been introduced to develop the regulatory framework within which growth will take place. Penman Brown's task will be to recruit a team to support him in developing and operating the kind of supervisory regime envisaged in the legislation which is intended to be a less cumbersome version of the UK's Financial Services Act.



It is vital that Gibraltar does not falter again, especially at a time when other emerging centres such as Cyprus, Dublin, Madeira and Malta are anxious to compete with Gibraltar for the fund management and lucrative offshore trust business that is currently controlled by Luxembourg, the Isle of Man and the Channel Islands.

It is within Gibraltar's power to get its financial services industry operating on a sound footing which will inspire confidence among those who deal with its companies.

Even if it succeeds in this respect there is the wider dimension of its own constitutional future.

Gibraltar has been a British possession for almost 300 years, but Spain is as committed as ever to what it calls "territorial reintegration" of the Rock. The border was re-opened in 1985 following a 16-year closure, but even now drivers entering Spain from the colony can experience delays of up to two hours when Spanish customs officials are enforcing their policy of thoroughly searching cars.

It's a more important point than may appear. Most of the people who work in Gibraltar's financial services industry live in Spain and commute daily across the border. Many people in Gibraltar regard Spain's action as a deliberate attempt to disrupt its financial services industry.

Spain's justification is its concern over tobacco smuggling and, more seriously, drugs trafficking through Gibraltar. Douglas Hurd, Britain's Foreign Secretary, promised his Spanish opposite number greater co-operation on the tobacco-smuggling problem during talks in Madrid earlier this year.

On the drugs front, Mike Davidson, Barclays' chief manager in Gibraltar, who is also president of the Gibraltar Bankers' Association, has pledged his association's support to police and customs authorities for Gibraltar's drug trafficking legislation introduced last year.

■ *Peter Gartland is editor of The International, the FT's magazine for global investors.*

There is now an MBA course in the complexities of individual planning

A Masters in money

If you think personal financial planning is complicated, take comfort from the following: so does Alec Chrystal, Britain's only professor of personal finance. He teaches the subject to MBA finance students and believes that the study of personal financial planning helps his students to broaden their understanding of the financial system in this country before they embark on careers in the City.

His own view is that individual financial planning is an extremely complex field – much more complex than corporate finance planning.

"With a company it is very easy to specify the goals – making a profit – although the achievement may involve the use of a range of complex instruments. But with personal finance, every individual has a different set of circumstances. They may have school fees to pay or need a pension, or inherit a house so there are no general rules.

"Personal taxation is more complex than corporate taxation, especially when it comes to inheritance tax (IHT) which most people don't think about until it's too late," he says, adding that anyone with a house in the south east of England is likely to find that the value of their property alone takes their estate above the £128,000 threshold for IHT.

Alec Chrystal, finance professor

To add to the confusion of financial planning, there are many different savings products and pensions. And individuals, like big international companies, are now starting to consider more complex factors such as exchange rates and options. An individual is no longer confined to one currency for borrowing and saving. But Chrystal warns: "People who use foreign currency mortgages need to be very cautious about the risk involved. The exchange rate can move 20 per cent in a couple of weeks, which could outweigh the attraction of paying a lower interest rate in the first place."

Chrystal himself is not authorised to give advice. He thinks that people should go to their bank for free advice (but then his chair at City University was created by National Westminster Bank), or to an independent financial adviser. He thinks commissions should be disclosed automatically – and as clearly as possible – for all financial products.

More importantly, he sees ample scope for improvement when it comes to investor protection. He thinks that it is a mistake to set up compensation funds which simply reimburse investors whenever someone runs off with their money. In his view, if a company belongs to a regulatory organisation this gives the investor a false impression of quality control and takes away the investor's "incentive to shop around and be careful of where he puts his money."

Instead, he thinks that investors should have more responsibility for their own investments: one way would be to introduce individual insurance policies to cover the risk rather than relying on a general compensation scheme – in the same way that people take out insurance to cover the possibility that they might not be able to meet their mortgage payments. Using such a system, in Chrystal's view, would put the onus on the insurers to monitor the risk more closely and favour those companies with a proven track record.

"The idea that the Financial Services Act is going to do away with fraud is nonsense. If you are a shady car salesman you do at least have to supply the cars – financial advisers only have to give a promise.

"Fimbra (the Financial Intermediaries, Managers and Brokers Regulatory Association) is never going to eliminate fraud because people are less cautious with their money if they think that Fimbra has inspected the company . . . they think someone is checking up whereas the inspectors only visit once a year. Anyway you can get away with fraud by keeping clean books until the day you leave the country."

Sara Webb

Freehold's value to flat residents

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I AM Treasurer of a Residents Society which manages a block of flats. Each flatholder has a leasehold title of 71 years remaining of a 99 year lease with a ground rent of £17.50 pa. Each flatholder also has one share in the Residents Society which is registered under the Friendly Societies Acts.Our landlord, with whom we have always been on good terms, wishes to dispose of the freehold title and under the terms of the Landlord and Tenant Act 1987 has served notice on each flatholder that the freehold interest is for sale at £50,000.

What is the basis upon which to value this freehold interest from the buyer's point of view? When we asked a solicitor we were advised to negotiate a figure not more than seven times the Annual Ground Rent (ie £122.50). This offer is on the basis of £1,388 each. With such widely differing sums could you give some advice as to how we should proceed with a counter-offer?

■ We cannot advise you as to valuation of a reversionary interest: a qualified valuer/surveyor would be required. However, the offer from the landlord under the 1987 Act would be to enable you to pre-empt a sale which will be made if you do not accept this offer: so that a counter offer may be of little value unless there is a genuine doubt as to the likelihood of there being a purchaser who will pay £50,000.

Double poll tax

I jointly own a freehold bungalow in Cheltenham and poll tax will be payable by us both as this is our residence. I also own a leasehold flat in Caswell Bay, Swansea which we do not let, but use as a holiday home. It would appear that I shall be charged twice the standard charge for this?

■ You are liable to pay two community charges in respect of yours and your wife's residence in Cheltenham, and one standard charge on the Caswell Bay flat; but the standard charge is a higher charge than the per capita community charge, being approximately twice the community charge.

Allowance for parents

I wish to give my parents an allowance of £1,000 pa. It will suit me better to make it a monthly payment. Would the Inland Revenue consider this income received and tax them accordingly, or would the IR allow it within the £3,000 pa tax free gift allowance? If the former, would it be better for me to give my parents a lump sum of £1,000 each year and have it thus definitely classed as a tax free gift?

■ You could execute a deed of covenant for £83.33 a month (£999.96 a year) for your joint lives, for example. By virtue of section 347A(1)(b) of the Income and Corporation Taxes Act 1988, a payment under such a deed "shall not form part of the income of the person to whom it is made or of any other person."

The £3,000 annual exempt amount for inheritance tax purposes has no effect upon the income tax aspects of gifts etc. You are confusing two quite separate points.

Housekeeper's tax burden

I am 87 and my family insist on my having a someone to look ing after me in my home. Who will be responsible for her poll tax? Do I have to pay or does she? I pay her wages and PAYE. She has been with me for two years.

■ It seems that your housekeeper would be responsible for her own poll tax: but it may be that you can obtain relief if her services are required because of your disablement. You should enquire of your local authority as to this.

Sale of water and Gas shares

I acquired shares in various privatisation share offers, the most recent being the water share offer.

In all cases these offers consisted of a down payment followed by a second or third instalment when they then are traded as fully paid.

I have recently sold my shares in British Gas, and of course the indexation implications will apply when I make my tax return and although familiar with retail price index normal indexation rules I am unsure what the correct method is when shares are purchased by instalments.

Do I assume that the full share price was paid when allocated in December 1986 and index the fully paid price (ie 135p x no. of shares) up to the date of disposal?

Alternatively, do I index the first payment up to the next, add these together and index again to the final payment in April 88 add these together and index to disposal? (ie same procedure as creating a pool of shares bought at various prices and times.)

■ The CGT rules make fundamental distinction between: (a) an issue of new shares partly-paid and (b), as in your case, a sale of existing fully-paid shares for settlement by instalments. You could say that the distinction is between: (a) a subscription for partly-paid shares subject to further calls later and (b) a purchase of fully-paid shares which will remain only partly paid-for for some time.

You are entitled to indexation based upon the full purchase price from the month in which the Government accepted your offer to purchase the shares (by virtue of section 87(5)(a) of the Finance Act 1982).

In the other situation (a), calls paid within a year of the date of issue rank for indexation from the date of issue (by virtue of section 87(5)(a) as above) but calls paid on or after the anniversary of the date of issue only rank for indexation from the month of payment (by virtue of paragraph 6 of schedule 13 to the Finance Act 1982). This rule also applies to the deemed distributions on accumulation units in authorised unit trusts (by virtue of section 98 of the Capital Gains Tax Act 1979). There is no logic in this rule, it is quite arbitrary, like many aspects of capital gains tax.

Home thoughts from abroad

I am British and have lived in Brussels for three and a half years, working as a teacher. I pay Belgian tax and make the required contributions to the Belgian social security system.

I will probably return to England in the summer. What must I do now and on my return to ensure a smooth transition back into the British system.

■ You may like to read the relevant free social security guides for employees moving within the Community, which are obtainable from the European Commission in Brussels. Presumably a copy of the Belgium-UK double taxation convention of 1987 is available in a reference library in Brussels – although it will not have much practical effect upon your tax position in either country, so far as we can deduce from the data provided.

It is a good idea in principle for foreign currency bank accounts to be closed before residence in the UK begins (in order to avoid capital gains tax calculations on withdrawals) – but we take it that the potential gains and losses, as a result of fluctuations in the BFr/£ exchange rate are unlikely to be significant.

Shady neighbours

The boundary to the rear of our house varies in distance from 50 feet to 20 feet. Our neighbour has a solid row of cypressus leylandii planted two ft on his side of this boundary. These trees have reached 20-25 ft and are still growing. As the rear of our house faces south west, these cut off direct sunlight after 3.30 pm in mid-summer. The neighbour refuses to lop these to a reasonable height.

Can you please advise me whether there is any law or precedent which I can quote to support a request to him to lower the height of these trees, and if so to what height?

■ You cannot legally require the trees to be lowered in height unless they reduce the daylight (not sunlight) coming in at your windows to a level which impedes the reasonable use of the room(s) lit by those windows for ordinary purposes. (We assume that your windows have been in place for more than 20 years).

Transfer of family home

My husband died of cancer last year leaving me as sole beneficiary in his will. Our home is registered in his name alone. For probate purposes the house was valued at £85,000. What forms should I complete and what line should I follow in transferring our family home into my name. Do I have to pay full Transfer Stamp Duty and the full Land Registry fee in this transfer.

■ The executor of your husband's will should execute an assent vesting the house in you. No stamp duty will be incurred, but a fee will be payable to the Land Registry for recording the transaction.

Some corner of a foreign field

I have been resident in Rhodesia and Zimbabwe for over 40 years and have assets and a house there; also cash and investments worth some £300,000 in the United Kingdom but no house there.

Best laid plans permitting, I will probably lay my bones in Zimbabwe but must consider the interests of my wife and children. Would death duties or inheritance tax be payable in each country separately or on my world-wide assets in the country of domicile at the time of my death? Should I make two wills or would one suffice?

■ Inheritance Tax is chargeable on your assets in the UK regardless of where you are domiciled. A will valid in the country of your domicile can be effective to dispose of your property in the UK.

MINDING YOUR OWN BUSINESS

Wills on Wheels hits the road

HOW DO YOU put a legal training to profit while working from your dining room table?

Gillian Jenkins, 35, a qualified barrister who has never practised, gave the problem a lot of careful thought. Married to a venture capitalist and living in the suburban seclusion of Barnes, she had found an outlet for her legal training by lecturing at colleges in the home counties. She yearned, however, to be able to run a business of her own from her own home. What to do?

For almost a year now she has been running a one-woman will-writing business which she unofficially calls Wills on Wheels.

Wills are not the exclusive preserve of the legal profession. Anyone can write one for themselves or anyone else. But the difference is considerable between writing any will and writing a good and adequate will that will meet all the wishes of the deceased if tested in law. Even wills prepared by lawyers are sometimes sloppily drawn up, with deficiencies enough to provide relations of the deceased with the diversion of legal wrangles that can rumble on for many a year.

It was to save people from such hassles that Jenkins saw her opportunity. She knew she was an expert in drawing up a good, tight will. She charged £35 for her first one last year and she hasn't looked back since. Her fee income from will-writing will be £20,000 in her first full year of trading.

Jenkins left North London Collegiate School at 15 and worked in a shop for a while before deciding to settle down and cram for her A-levels. She went on to the London School of Economics where she graduated with a law degree. A few years later she decided to earn a professional qualification and, after more study, took the Bar finals to become a barrister.

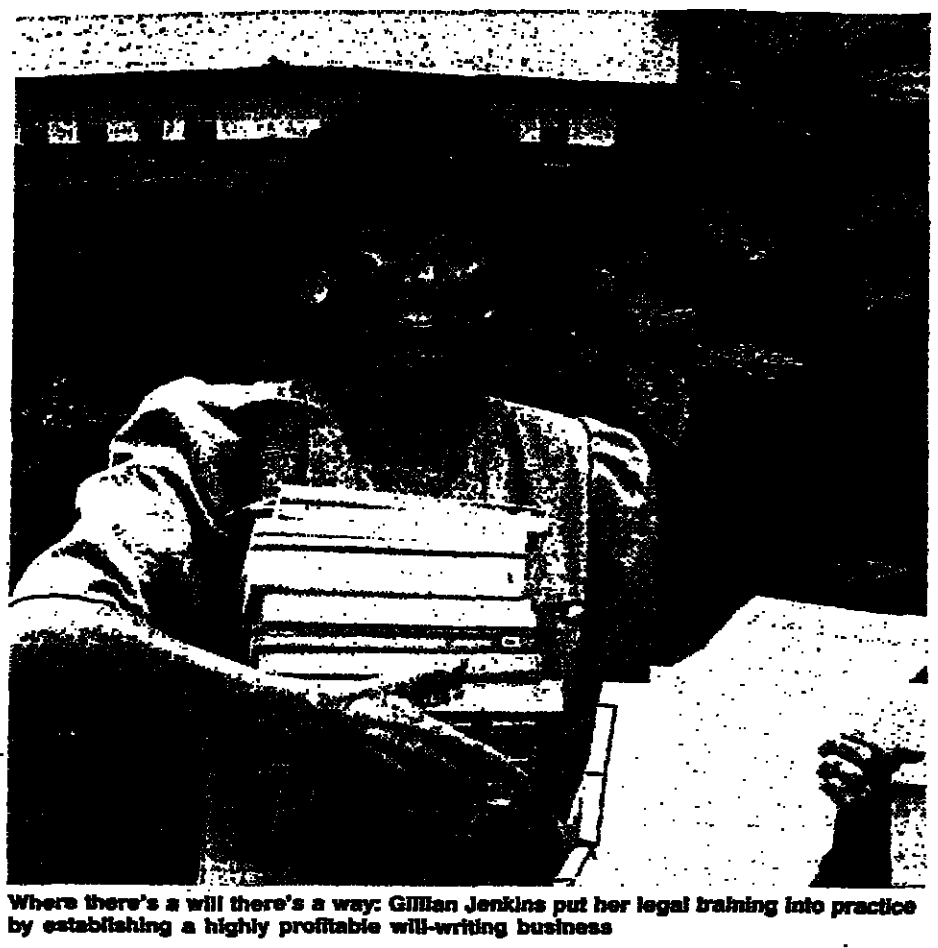
But she did not practise at the Bar and found it mildly frustrating that her only outlet was law lecturing.

When a couple of friends asked her last year to write a will for them she at first refused, saying she did not have professional indemnity insurance. But that conversation led her to inquire how much insurance cover would cost for will-writing. She was able to obtain cover for preparing individual wills dealing with estates of up to £300,000 for a modest £280 a year. The insurance would, she thought, more than pay for itself if she wrote just one will a week.

From then on, however, the idea quickly became a business. An accountant friend helped by putting a note about her wills service with a budget synopsis circulated to his clients.

That brought in business. "One woman rang saying: 'I want to cut my husband out of my will'," says Jenkins. "And a number of people go to great lengths to make provision for their pets, often putting a good deal of money into trust for their upkeep."

Some of her best marketing has proved to be through arrangements made with financial consultants that they will mention her service to clients taking out insurances and personal pensions arrangements. Often clients are required by the terms of the insurance to make a will, but have no idea where to find the service.



Where there's a will there's a way: Gillian Jenkins put her legal training into practice by establishing a highly profitable will-writing business

She recently took the relationship with financial consultants a step further. She provides selected consultants with questionnaires which they and their clients fill in together to provide the basic information needed for her to start to write straightforward wills.

Roy Hodson reports on one woman's discovery of an almost limitless market in Britain

As the practice has developed, she has assembled on computer a library of will clauses for most eventualities, and she passes her draft wills to a professional typist for final preparation in legal form. Recently she raised her prices to £50 for a will for one person and £75 for a will for a married couple.

"People have a sort of mystique about making a will," she says. "They like the personal contact and reassurance of meeting, or talking over the telephone, with a professional."

Perhaps it is because making a will is seen by most people as an occasion of the utmost importance in their lives that so few of us actually make one. Only 30 per cent of the population of Britain have valid wills. Jenkins seems to have tapped an almost limitless market.

She is planning to raise her insurance indemnity to £1m per will as her present level has proved inadequate for the estates of a number of prospective clients.

Expansion is also part of her business plan. A friend, a farmer's wife in Kent with a law degree, is already taking instructions for wills for people in her area. Jenkins writes the final documents. She reckons that her own work capacity is about four wills a day. To cope with growth in the business she is thinking of employing an assistant.

A further marketing method may be to hold "wills parties" along the lines of those domestic parties for marketing plastic kitchenware. Jenkins and her friend recently arranged one such evening with local families in a Kent village and it proved a success. She took instructions for wills from six couples during the evening.

■ *Gillian Jenkins, specialist in wills, 46 Glebe Road, Barnes, London SW13 0ED (tel: 081-876-0314).*

Forging a dynasty

THINGS ARE looking bad at the 200-year-old forge in the village of Great Barrington, tucked away in the Gloucestershire Cotswolds.

The unified business rate, which came into force in April, will gobble up an extra £150 a year of the Hall family's £40,000 turnover, and the talk is of shedding some labour.

"Thank goodness for that," says 80-year-old Bill Hall, the third generation to take over the business, which was started by a Hall in 1879.

Working seven days a week, Bill still helps generations four and five (his son Brian, aged 58, and grandson David, 25) to keep the business going. Now it looks as though they may not be able to use him as much, and Bill's reaction is one of relief.

Despite protestations about Mrs Thatcher's poll tax and its rural ramifications, they are never short of work at Great Barrington forge.

The family has been around so long that it is extremely well known in the area. The members do not need to advertise their presence. Nevertheless, a stranger would have difficulties finding the forge. Although it lies beside the little road through the village, it is unannounced, and is situated in an old barn in a yard enclosed by a high wall.

"We must be very unusual in going back five generations in the same place," Brian says. "But in the way we have diversified into general agricultural work and work for local construction firms, we are probably typical of small rural blacksmiths."

The Halls are also unusual in still focusing their work on the roadside forge, which predates their family by some 100 years, rather than moving to a modern industrial unit. They also insist that nearly all their work is country-based.

None of them likes working in town. "They're far too busy for us," says Brian.

With the coming of weekenders to the surrounding Cotswolds, the fame of the Halls has spread. For people such as the lady from Kensington who called in the other weekend, there must be a certain novelty value in using a three-man firm that is so parochial they prefer to undertake work no further away than Witney, 10 miles up the Windrush valley.

"The lady dropped in to ask if we could mend a cast iron verandah canopy damaged in the winter gales," Brian said.

"I've no idea how she found us – but she seemed to know all about what we do. Of course we could do the job, although we rarely work in cast iron nowadays, but really I've got enough to do round here. I've only been to London twice and I didn't like it. Besides, if I tried to drive down there I'd get lost."

John Arnison

Working the traditional way: Bill Hall stands at the anvil with his son, Brian, and grandson, David

Clive Fewins meets a family of old-fashioned blacksmiths

Behind Brian's utterances lie the sound judgment and natural caution of the true countryman. His son David shares similar views. He wants to keep the business as it is, and although he is not yet married he would like to have a son and see the forge pass on to another generation of Halls.

He could well earn a great deal more – like his older brother – in agriculture, or in the construction industry, but he prefers the quiet of the countryside and, like his father, dislikes going far afield.

Grandfather Bill is of like mind. He started shoeing horses for his dad at the age of nine, and by 13 was packed off to go into service at one of the local big houses. He soon returned to smithing, however, and up until the Second World War worked almost exclusively shoeing horses.

Today all that is done by mobile farriers. Neither Brian nor David has ever shoed a horse.

Bill approves of the fact that the forge is still the centre of the business.

If the Halls are called out to mend a piece of agricultural machinery they are likely to end up constructing a new part in the forge in the traditional way. Most agricultural engineering firms usually have half a dozen or more forges, all semi-automated and situated round the outer walls of a large workshop.

The Halls' forge, on the other hand, stands large and smoke-blackened on the cobbled floor in the corner of the old stone building. It is fuelled with blacksmith's coal specially brought in from Beddington, 25 miles away, and surrounded by old hand tools.

The only modern appendage is the electric blower that aids combustion, bought by Brian and his father when they formed their partnership in 1954. It replaced the ancient bellows that still stands at the rear of the forge and is used in the event of a power failure.

At the Halls' forge they do everything from mending gates and gardeners' favourite spades to forging specialist gutter brackets for building refurbishment projects, fire dogs and baskets, ornamental gates, balustrades and staircases.

There is no set price for the jobs, but Brian reckons to charge about £7 an hour for most work – and £10 an hour for welding.

"We shall raise this by about £1 an hour this year if the price of steel (the main raw material) goes up much," he says.

The Halls work in the traditional way, using masses of sweat and muscle, and without resort to mechanical presses.

"It's the only way," Brian Hall says. "If a so-called wrought iron gate has been pressed out rather than forged it only looks any good from a mile away."

"People find it hard to believe our turnover is so small. But unless you work phenomenally hard it is very difficult to earn more than £10,000 a year each."

In the financial year just ending, Brian earned slightly more than this, his son less – and dad what they could afford to pay him. No wonder he's looking forward to a real retirement.

"Really, the work has changed very little since I was a lad, apart from acquiring a power hammer, welding equipment, and the electric blower," Brian said.

"You still get a marvellous feeling lighting up for the first time early in the morning on a cold winter's day."

Then it's on with the work; sparks flying, as one of the Halls brings out the tools and rapidly converts a piece of red-hot steel into a scroll for a garden gate that will eventually adorn the front drive of a Cotswolds manor house.

"It's really immensely satisfying," says Brian. "And that's far more important than money."

■ *The Forge, Great Barrington, Oxon OX8 4UR (tel 04514-319).*

LEGAL NOTICES

No. 005312 of 1990

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF LAXGATE LIMITED

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 2nd July 1990 presented to Her Majesty's High Court of Justice for confirmation of the reduction of the share premium account of the above-named Company by the sum of £2,241,947.

AND NOTICE IS FURTHER GIVEN that the Petition is directed to be heard before the Honourable Mr Justice Vinelott at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday 30th July 1990.

ANY CREDITOR OR SHAREHOLDER of the said Company desiring to oppose the making of an order for confirmation of the said reduction of the sahre premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated the 21st day of July 1990

Goodmans of 22 Tudor Street, London EC4Y [illegible] Solicitors for the above-named Company

PERSPECTIVES

Trials of a young rebel under holy orders

***Back to School: Melanie Cable-Alexander** breaks a vow and revisits her Convent alma mater*

Melanie Cable-Alexander at the Convent of Our Lady

Glyn Genin

I HATED school. I didn't like boarding and above all I could not stand the nuns. They seemed unable to make a distinction between silly childish pranks and a deeply flawed moral nature.

From my very first day at the Convent of Our Lady in St Leonards-on-Sea, Sussex, aged 11, the sisters could tell I spelt trouble. As I gaily undressed for bed flinging off my clothes in the middle of the room, in walked a sister. "Melanie Cable-Alexander," she bellowed. "What are you doing?" Averting her eyes she threw me into a cubicle, slamming the door behind me, and I was left to puzzle over my mistake. Later the girls whispered that we were never to bare our bodies in front of each other. We were to use cubicles or screens to undress behind.

No doubt I was a "difficult" child. But the rules seemed excessively strict. We weren't allowed to decorate our drab little rooms with posters or knick-knacks. Lights out at 7pm and "no reading." Full boarders were rarely let out at weekends.

It was an unacademic institution. Having been labelled at prep school as a bright child destined for a good academic career, I emerged with only two O Levels at first attempt – in Art and English – and I was about the only girl in my year to go on to university – although now the school expects at least 20 per cent of pupils to go on to higher education, reflecting a wider concern to educate girls.

Career pep-talks were about becoming nurses, secretaries and housewives and indeed a high proportion of pupils still go into nursing. As in many girls' schools at that time, there was a heavy bias towards the arts. Those who opted to specialise in them were unable to take any science subjects. With the advent of the new curriculum this has now changed and it is possible to integrate all subjects. Though they no longer teach Latin.

I vowed I would never go back to school, but 10 years on my feelings have mellowed. Little has changed to the outward Victorian structure of the school: there is a new building and the junior school, St Dominics, was sold. But there has been a huge shift in the internal workings: for the first time in its history the Convent has a lay headmistress, Valerie Thurston.

Like most religious institutions the Convent is having to cope with a decline in the number of what the nuns called "religious." Such schools must now choose between closure or taking on lay people. Many of the nuns have left to teach elsewhere or have died: no replacement nuns have been recruited.

In the past, religious orders were pioneers in education. The Order of the Canonesses of St Augustine, to which the nuns at the Convent belonged, was founded in France during the early sixteenth century by a woman who passionately believed in educating girls as well as boys. With the help of her parish priest, she built the first girls school in her village in Lorraine. Today the religious have less of an influence on education as the desire to become a "religious" decreases and the qualifications required to teach become stiffer. Very few of the older sisters have had the training which would now be required by an educational establishment.

There has also been a corresponding fall in the number of catholic pupils at the Convent. I was one of roughly 10 non-catholics out of 200 and we were viewed with suspicion. When I was chatting in the back of chapel one day, a nun came and prodded me on my shoulder. "Are you a protestant?" she asked. "Yes," I replied. "I thought so," she said and walked away. Today, roughly 20 per cent of the children are non-catholic.

"Averting her eyes she threw me into a cubicle, slamming the door behind me"

The influence of the lay headmistress has been to soften the Convent's discipilinarian stance. The boarders are allowed out for supervised trips to the theatre, town or elsewhere at weekends. Now, when a child has a problem – as I evidently did – parents, teachers, child and headmistress are brought together to talk it out. The children no longer have to attend chapel every evening and are encouraged to pay their own visits.

All our books used to be monitored and had to be signed by the headmistress. There was a flurry when *Thorn Birds* came out. We all desperately tried to grab a copy until it was banned as "blasphemous"; then we had to resort to black market tactics. Now Jilly Cooper's *Rivals* is freely read and the signing practice has been abandoned.

The children have changed too. "In your day," said Sister Lucy, deputy headmistress in my time, "though we always kept our fees down, the school was only attainable by those who could afford fees and wanted the sort of disciple provided by an establishment run by religious. Now with both parents working and more money around we get a slightly different type."

The prospective parent I saw touring the school seemed to be an ageing rocker with hair reaching beyond his shoulders.

There are many more foreign pupils, almost outnumbering the British: French, Spanish, Zambian, Chinese, Malaysian.

When many of the local primary and prep schools closed down, parents persuaded the Convent to take on younger pupils. Four years ago it took on its first set of children under the age of 11. However, the sixth form has closed.

A question sometimes raised by parents is whether nuns are the best people to teach young children. It was something I wondered about in those days.

Now, back at school as an adult I could ask Sister Lucy for her view: "A religious," she said, "is a man or woman who has devoted themselves to life of the Church – called by God – to step aside from daily life, to give up marriage and, for women, children, all for the greater service of mankind.

"I feel as a religious sister in education, who has taken a vow of chastity, poverty, obedience and education, that many children have passed my way over the years instead of one or two. That does not mean one does not necessarily regret the choice one's made. For me the feeling was so strong – like a feel for joining a particular profession – and everything fell into place so I really had no choice."

I had no answer.

Despatches

Poems for Lara: one of Beirut's innocents

Lara Marlowe reports on one man's effort to immortalise his murdered daughter

Ghassan and Maggie Matar with a picture of Lara: 'It is the innocents who die'

AT EIGHT O'CLOCK on the morning of November 8 1989, Ghassan Matar drove his daughter Lara, his only child, to school.

"I noticed that she was wearing make-up and I asked her why," Ghassan says. "She said: 'Daddy, have you forgotten that today is my seventeenth birthday?'."

Just seven hours later, Ghassan was woken from his afternoon sleep by the blast which – unknown to him – killed Lara, just two blocks away from the family's apartment in west Beirut. Her birthday cake was still in the cardboard box from the pastry shop and the groceries had been bought for that evening's celebration.

Ghassan turned on the radio to learn about the explosion which had shaken the walls of his apartment building. Could his daughter have been hurt? He was reassured by a note he found next to the telephone; the last words his daughter wrote. "Daddy," it said, "I have gone to the club to play squash."

Ghassan remembers the next hours with painful clarity. "At four o'clock, a friend of ours telephoned. She asked me: 'Where is your daughter?' When I said she was playing squash at the sports club, the woman demanded: 'Are you sure? Try to be certain.' I called my wife at work and we drove to the club but she wasn't there. Someone said Lara's best friends – the Itani children – had been wounded. We went to the hospital emergency room. When we walked in, her friends threw their arms around us. That was when I knew what had happened."

Ghassan and Maggie Matar, now aged 48 and 40, say neither time nor sympathy has done anything to diminish their grief for their daughter.

Since Lara's death, Maggie has given up her job as a fashion designer and spends her days at home, dressed in black, surrounded by photographs of Lara and by her daughter's piano, books and clothing. Ghassan continues to work as the deputy editor of a weekly news magazine, but without his former enthusiasm.

"When Lara was killed there was a voice inside me which told me: 'It's over. Life isn't worth living,'" Ghassan says. "Another voice said: 'You can do something for her.' I felt my only salvation was to write to Lara. I made a promise to write to Lara each day, to publish my poems when there were enough for a book, and to live to keep this promise. It is the only way to give her a kind of immortality; to make her unique among the 150,000 people who have died in this war."

Ghassan Matar's first collection of poems to his dead daughter was published in Arabic last month. It has been widely acclaimed by Lebanese and Syrian literary critics. It is a popular little book because it is about the tragedy of Lebanon's children: not just their loss of life – an estimated 40,000 children have been killed in the war according to the United Nations – but their loss of innocence.

Lara Matar could scarcely have remembered her two-and-a-half peaceful years before Lebanon's civil war started in 1975.

Like her, nearly a million children in Lebanon have now experienced a childhood marred by shelling, car bombs, assassinations, gun battles and the desperate anxiety of their parents. They have spent hundreds of hours sheltering in basements and stairwells. They have witnessed relatives and friends die or flee the country and have frequently been forced to move to safer locations.

"I ought to have enjoyed my youth and adolescence," says 25-year-old Amal Afesh, who was 10 when the war started. "But it was occupied by the war."

A Moslem, Amal Afesh had to flee with her family from the Christian quarter of Ashrafieh. In 1982 she spent the three months of the Israeli siege of west Beirut in an underground shelter. Her worst memory is of seeing three small children and their mother killed by a shell in her street during the 1986 militia war.

"The mother was holding one of the children," she says. "The father had two legs amputated. I see him every day, sitting on a wheelchair and selling vegetables. These experiences are in me. I can never wipe them out – the experience of cheap death."

The war has endowed Lebanese children with early maturity. Maya Dagher is only nine years old. "Why are (the Christians in east Beirut) shelling each other every day?" she asks. "When nothing is left there, they'll ask for a lot of money for reconstruction. It's not logical."

On June 29, Maya and her two sisters were woken at 5:45 in the morning by the sound of a car bomb which wounded six people. "Our parents were still sleeping," Maya says. "But I couldn't go back to sleep. I wonder why they continue this war. We children never knew the pretty time before. I wish I could have lived in those days, when there weren't any check-points. I have food and clothes and friends. I don't need anything, except not to be afraid."

Randa Khoury, a professor of child development at Beirut University College (BUC), has three children born in the war and she has observed Lebanese children at the college's nursery school. "We cheat in a sense, by trying to create a normal situation where there is no normality," she says. "My oldest child vomits when she sees destroyed buildings, and my youngest will not be separated from her father and me for even a few hours."

At the BUC nursery school, children are terrified by loud noises or bright lights. Most of the children bite their nails, suck their thumbs or stutter.

Perhaps more damaging is the apprenticeship of violence. "These children learn from what they have seen on the streets or from their parents," Khoury says. "There are no government schools any more and at least half the children in Beirut get no education. They become juvenile delinquents before they reach adolescence. I think a lot of them will become militiamen or prostitutes."

Yet the pages of Lara Matar's photo albums show a life apparently untouched by the war until the moment of her death.

There are no pictures of tanks or guns. But there are snapshots of birthday parties, a holiday in Egypt, Lara as a chubby adolescent, Lara with braces on her teeth. Then there is the child, almost a woman, who played Chopin on the piano, read French and English novels and classical Arabic poetry.

"She wanted to do everything at once – ballet, sports, horse riding," her father says. "It was as if she had a premonition that she would not be able to do anything."

The car bomb which killed Lara Matar and three other people exploded at the moment the plane of the Lebanese president, Rene Moawad, touched down at Beirut airport. No-one was ever sure if it was meant as a warning to the newly elected leader, or if it had been intended to kill him on his route from the airport. Nine days later, president Moawad and 23 others were killed by a more powerful explosion.

Ghassan Matar holds no-one – only the war – responsible for Lara's death. But his refusal to apportion blame does not lessen his bitterness and sense of loss. "It is the innocents who die here," he says. "The death of an adult is bearable. But I am overwhelmed by the death of children."

Genius of the Place

The paradox of a plump wraith

OSBERT SITWELL described the elderly Edward Elgar as a "plump wraith." A plump wraith? The description teeters on the paradoxical, but it makes sense.

Elgar did look like a major general, prone to *Daily Telegraph* hellfire; but in many respects he was the moody and wayward type that our romantic conception of genius requires. Depite the patriotic grandeur of his *Pomp and Circumstance* Elgar's music includes also a strong threnody of doubt and melancholy, and the Enigma Variations would suggest that if it came to a choice between friends and country, Elgar would have chosen friends. He was hailed as "the Rudyard Kipling of the musicians," but his relationship with Kipling was distant and abrasive.

The compound of these paradoxes is a plump wraith, a solid spectre – or a decently bourgeois man ghosted by a Bohemian passion for composing. The son of a Worcester piano tuner, his origins were humble enough for him to always appreciate the exterior tokens of success (the gold watch, the honorary degrees, the knighthood); but he was never too grand to abandon his birthplace. Quite the opposite: he styled himself "First Baronet of Broadheath" and Broadheath remains a meaningful place of commemoration.

Elgar: a romantic ideal

The cottage where Elgar was born has more to it than the trite memorabilia that usually accumulate at such shrines. It also holds a considerable collection of manuscripts and orchestral scores; and it stocks recordings of Elgar's music. That makes it a useful place to visit, but committed enthusiasts can go further.

Broadheath lies towards the Teme Valley, which was Elgar's self-acknowledged source of inspiration. He would cycle the valley, and up about in the Malverns, absorbing the bird song as all good composers ought; and I would counsel the same mode of transport – if my idea of a glorious death were being mown down by some farmhand in a souped-up Ford Capri. Instead, the topography of Elgar's melodies is signposted for motorists as the "Elgar Route," with the motif of a 'cello.

Broadheath lies just outside Worcester, more or less en route to Hereford. Even without Elgar, this is a landscape worth exploring. If you follow the A44 from Worcester towards Leominster, you drive through almost continuous orchards. In the 16th century, some 70 varieties of apples in these parts: many have now gone, but if you proceed a little beyond Leominster you may find, in a village called Luntley, Dunkertons Cider Co, which is dedicated to raising rare varieties of the cider apple. Tastings may be done from the barrel: take your own containers to fill, if you wish. And if you wanted to investigate Elgar country at leisure, then I should divulge a farmhouse at Stretfordbury, off the A44 three miles short of Leominster, run by a Mrs Moore. If her cream teas are typical, a weekend of her hospitality would be exquisite.

■ *Elgar's birthplace, Lower Broadheath, is open: May 1 - Sept 30, 10.30am-6pm; Oct 1 - Jan 15, 1.30-4.30; Feb 16 - Ap 30, 1.30-4.30; closed all Wednesdays; tel. 0905-66224. Dunkertons Cider: off sales Mon-Sat 10am-6pm, also Sundays (May - Sept) 12-3pm (05447-653). Stretfordbury Farm (056-882-239).*

Nigel Spivey

CHESS

BRITAIN'S Nigel Short is on course for another attempt at the world title, but the Russians further strengthened their dominance of international chess at last week's Manila interzonal. Short, who was on the brink of elimination throughout after his poor start, played like a true grandmaster when it mattered in the final round.

His opponent Mikhail Gurevich needed only a draw, had the white pieces, and made his intentions clear by opening with the sterile exchange variation against Short's favourite French Defence (1 e4 e6 2 d4 d5 3 exd5 exd5). Queens were off the board inside 20 moves, and Gurevich continued his swapping policy down to an endgame of king, rook, bishop and seven pawns for the Russian against Short's king, rook, knight and seven.

While Gurevich simplified, Short quietly mobilised his remaining force and in the late stages his knight dominated the bishop and supported mobile pawns which broke through to queen. It was the best performance of Short's career since he lost his candidates quarter-final to Jonathan Speelman in 1987.

Final totals at Manila were Gelfand and Ivanchuk (USSR) 9/13, Anand (India) and Short 8½, Dolmatov, Dreev and Yudashin (USSR), Korchnoi (Switzerland), Hübner (West Germany), Sax (Hungary) and Nikolic (Yugoslavia) 8. Michael Adams, the 18-year-old British champion, lost his final round to Nikolic when a win would have put him among the elite.

In the first round of the 1991 candidates matches, the 11 qualifiers from Manila will be joined by Timman (Netherlands), Speelman (England) and Yusupov (USSR), the semi-finalists from the 1989 candidates. Winners of their knock-out matches will go into the 1992 quarter-finals against the loser of this year's Kasparov-Karpov match, leading on to the title contest of 1993.

The Russians have a clear advantage, with their numbers assisted by the system which means Kasparov and Karpov join only at a late stage. The Soviet dominance would have been greater still but for the defeats of Gurevich and Jan Ehlvest in the final round at Manila. Recent publication of the July 1990 Fide world ratings emphasises their strong position, for Gelfand and Ivanchuk are now bracketed at world number three behind K and K, while Short has dropped back to 18th and Speelman to 23rd. Logically the Britons have little chance, but we have seen in Short's tournament successes of 1987 and Speelman's match results of 1988-9 that they can raise their game for the occasion.

If Michael Adams had qualified, as seemed possible for several rounds at Manila, he would have been the youngest candidate after Fischer, Kasparov and Spassky. Though he finally missed his target by a point, he played some good strategic games, notably in this win over a strong Russian.

White: M. Adams (England). Black: S. Lputian (USSR).

French Defence (Manila 1990).

1 e4 e6 2 d4 d5 3 Nd2 Be7.

Everyone on the international circuit knows that 3 Nd2 is the British champion's preferred method against the French Defence, so Black's reply is unusual. He may have been deterred from the normal 3...c5 by Adams's win earlier at Manila over the ex-Soviet champion Vaganian, who was ground down by pressure on his weak central pawn. In what follows the battle is in the middle game, but Black still suffers an isolated pawn and the white pieces establish central strongpoints.

4 Bd3 c5 5 dxc5 Nd7 6 exd5 exd5 7 Nb3 Nxc5 8 Nf3 Nf6 9 O-O O-O 10 Be3 Nce4 11 Be2 Bd6 12 Re1 Re8 13 Bd4 Nh5 14 g3 f5 15 Bf1 Be6.

More logical after Black's last two moves is 15...f4, hoping for a sacrifice at g3.

16 Be5 Nhf6 17 Qd4 Be7 18 h3 Rf8 19 Rad1 Qe8 20 Qd3!

Now White plans the strong Nbd4, increasing the central pressure.

20...Nd7 21 Bf4 Ndc5 22 Nxc5 Bxc5 23 Re2 Qa4 24 Ng5! Qc6 25 Nxe6 Qxe6 26 Kh2 Qf7 27 f3 Nd6?

A strange moment. For the last two moves Black has offered his sickly d pawn with a view to counterplay, eg 27 Qxd5 Rfd8 28 Qxf7+ Kxf7 29 Rxd8 Rxd8 planning Rd1. But with the black N at d6 28 Qxd5 attacks two pieces, so doesn't Black lose material? Lputian may have planned 28 Qxd5 Rac8 29 Bxd6 Rfd8 but then 30 Re6 Rc6 31 Qb3! Bxd6 32 R1xd6 R6xd6 33 Rxd6 Rxd6 34 Bc4 wins.

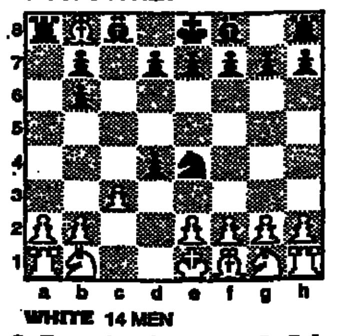
28 Rde1? Nc4 29 c3 Rad8 30 b4 Bb6 31 Re7 Qf6??

Losing at once. Black should play 31...Qg6 32 Rxb7 Rfe8 when his active pieces can still make it difficult for White's extra pawn to win.

32 R1e6 Resigns. The queen is trapped.

PROBLEM No. 830

BLACK 14 MEN



WHITE 14 MEN

S. Terentiev (USSR) v. J. Gallagher (England), Liechtenstein Open 1990. Aiming for his grandmaster title, the young British player faced a strong Russian who soon revealed pacific intentions by exchanging queens. Here White has just captured a black knight and expects 1 ... Rxb8 2 cxd4 with further progress towards an early draw. What is the flaw in White's plan?

Solution Page XIX

Leonard Barden

BRIDGE

MY FIRST hand is from teams-of-four – here is Double Fault:

N
♠ A K 7
♥ J 4
♦ 8 4
♣ K J 10 9 7 4

W
♠ 10 8 3
♥ 9 2
♦ K Q 10 9 3
♣ A 5 2

E
♠ Q J 9
♥ 8 6 5 3
♦ A 7 6 5 2
♣ 8

S
♠ 6 5 4 2
♥ A K Q 10 7
♦ J
♣ Q 6 3

North dealt with neither side vulnerable and bid one club, South replied with one heart, and West said two diamonds. North rebid three clubs, East bid three diamonds South said three hearts, and North's bid of four hearts ended the auction.

West opened with the diamond king, which held, and the queen was ruffed with the seven of hearts. The declarer drew three rounds of trumps, but when West failed to follow to the third round, he was in big trouble. He switched to a club, but West won at once with his ace, and led another diamond. This forced South to ruff once more, and defeat was inevitable.

North said: "Why didn't you raise clubs? Five clubs was cold." True, but he might also have said, "Why didn't you play the hand with more intelligence?" South should have realised that a 4-2 break in trumps was probable, and played accordingly. At trick three he must lead a club, and play the opponents at their own game. If West wins, and leads another club for his partner to ruff, the balance of power is restored, and declarer makes 10 tricks in comfort. Another diamond, of course, can be ruffed on the table, South draws trumps, and claims.

We turn to rubber bridge – let us study Early End play:

N
♠ 9 5 3
♥ A 10 8 6 4
♦ K Q 5 4
♣ 7

W
♠ J 8 4
♥ 5 3
♦ J 10 9 2
♣ K Q J 4

E
♠ Q
♥ K J 7 2
♦ 7
♣ A 10 9 6 5 3 2

S
♠ A K 10 7 6 2
♥ Q 9
♦ A 8 6 3
♣ 8

Sitting South at game to East-West, I was the dealer, and opened with one spade, my partner replied with two hearts, I rebid two spades, and North's four spades was followed by three passes.

West began with the club king, East overtook, and played back the seven of diamonds, which looked like a singleton, to eight, nine, and king. Now when I crossed to my ace of spades, East dropped the queen. Prospects were poor – it looked like one loser in each suit.

Suddenly I saw the light. At trick four I ran my queen of hearts. If this is covered by the king there is no further problem. In the event East won with the king, and found himself firmly end-played. A heart lead runs into dummy's tenace, a club return concedes a ruff discard. If East has a spade left, it means that the suit is breaking 2-2; if he can play a diamond, then that suit is breaking.

There is nothing brilliant about this early finesse of the heart queen, but it is really a simple solution, and simple solutions are so easily overlooked.

E.P.C. Cotter

TRAVEL

Stranger in a strange land

Michael Thompson-Noel on the enigma that is South Africa

SANCTIONS? Sitting in the Cape Town sunshine, I am not sure that I would recognise a sanction if it bit me on the thigh.

The scene is tranquil, apparently prosperous. The avenue is palm-thronged. Traffic thrums peacefully – mainly Mazdas and Toyotas, with a scattering of BMWs and Mercs. Table Mountain fills the background. The shops are full of goods – perfumes, porcelain, all sorts of things, many with foreign brand names. There are plenty of tourists in evidence.

I could be almost anywhere in the world – Brisbane, San Francisco, Rio or just a few miles east of Nice. And the placards for that day's issue of the *Argus* seem shockingly normal and reassuring: *SURGEON DIES IN FALL FROM HORSE; WEEKEND RACING: ALL THE TIPS; SATANIC SYMBOLS AT PAARL ROCK; FOREIGN LEGION RUSHED TO W AFRICA; LEG WASHED UP ON CITY BEACH.*

But I am not in Brisbane. I am at the southern tip of one of the most ostracised and reviled countries in history, which explains, no doubt, the strangeness and alienation – but also the fascination – that I feel as I sit and ponder the absurd twists and turns, the malevolence and obstinacy, that have landed South Africa – arguably one of the world's most beautiful countries – in its present predicament.

This sense of apartness is described in Rian Malan's wrenching study of South African violence and madness, *My Traitor's Heart* (Bodley Head), a copy of which I was reading in Cape Town. Malan was raised in Johannesburg's predominantly English suburbs where most whites disapproved of apartheid and could say so more or less openly.

"The hard men who ruled the country," says Malan, "simply ignored us, because we were too few to make a difference. The northern suburbs were like a glass-bottomed boat, adrift on a violent and mysterious sea. We could peer down into the depths and see strange life forms . . . but we remained tourists of sorts, warm and safe in our comfortable berths. So long as we stayed in our proper place, the hard men left us to our own devices. If we stepped overboard, though, anything could happen. There were killer sharks down there."

My feeling of strangeness and dislocation was at its most intense when I watched a performance of N.J. Crisp's thriller, *Dangerous Obsession*, at the Theatre on the Bay at Camps Bay, one of Cape Town's shining middle-class suburbs-by-the-sea. I had seen the play in Brighton, in southern England, about 12 months previously, and the two experiences – theatre-going in Cape Town and theatre-going in Brighton – were virtually identical: same sort of cast, same sort of audience, same trendy restaurant afterwards, almost the same waiter, similar conversation. After *Dangerous Obsession*, the Theatre on the Bay was putting on Richard Harris's comedy, *The Maintenance Man*, and then a male strip revue starring a muscular troupe called the Chippendales.

All extremely normal – astonishingly normal, sinister in its normalcy. Because my visit was fleeting, the only thing remotely out of the normal that I saw or heard in Cape Town was the sound of pistol fire as someone – white, presumably – worked on his or her shooting at a small arms range close to the city centre.

I could hear this firing as I sat in the gardens of the Mount Nelson Hotel, reading Malan's book. This particular experience – the tropical gardens of an expensive hotel, waiters serving cake and tea, children playing in the swimming pool, the thump of tennis balls, birds calling sweetly, the tide of blood in Malan's book and the popping of a handgun close at hand – was bizarre in the extreme.

It is a sign of the times that the Mount Nelson is now owned and run by Orient-Express Hotels, an extremely upmarket group that also operates the Cipriani in Venice, the Villa San Michele in Florence, the Turnberry Hotel and golf courses in Scotland, the Venice Simplon-Orient-Express, etcetera.

Even now, I imagine, a sizable majority of the world's tourists would not think of venturing within a million miles of South Africa. On the other hand, some people have been quietly holidaying there for years, and the number of arrivals is certainly on the increase.

Prof Marius Leibold of the *University of Stellenbosch* puts the total of foreign visitors last year at 472,076, more than a fifth up on 1988. Of the total, 83 per cent were on holiday, 17 per cent on business (including study). Tourism is South Africa's fifth largest export earner. According to the Government, tourism currently employs 360,000 people.

Internally, South African tourism seems extremely well developed – just waiting, it would seem, for the day when travel to South Africa becomes a touristic commonplace.

Next month, representatives of two of South Africa's most successful game concerns – Garth MacFarlane of GMA Safaris and Hugh Marshall of Londolozi Game Reserve – will visit Britain to address potential holidaymakers, travel agents and tour operators. Plans are currently under way to create two new game parks in the Republic, one in northern Natal covering about 988,000 acres, the other in the north-western Transvaal.

As well as safaris, there is a wide choice of hotels, country houses and game lodges, including a useful selection called *Portfolio of Country Places*. Among local operators, Grosvenor Tours runs a full programme from Johannesburg, Cape Town and Durban, including private game reserves, fly-in safaris and the Blue Train, as well as visits to Namibia, Zimbabwe and Chobe, Botswana, Malawi and Mauritius.

Another large group is Springbok-Atlas, whose programme includes long-distance coach tours from Cape Town, Port Elizabeth, Durban and Johannesburg. And Rovos Rail offers a four-day, 1,000-kilometre steam safari through the eastern Transvaal designed to appeal to the "sophisticated traveller, the game lover, the steam enthusiast and the romantic." The train carries a maximum of 40 passengers attended by 14 staff.

■ Michael Thompson-Noel travelled c/o South African Airways and Orient-Express Hotels. In London, the South African Tourism Board will supply full details: PO Box 318, Wimbledon, SW19 4BZ, tel: 081-944-6646. Orient-Express Hotels (London), tel: 071-928-6000.

Walking racehorses on Blauberg Strand, near Cape Town. In time, South Africa could prove a touristic goldmine, for it has excellent facilities and great natural beauty

Walks in the wilderness

I DO NOT like the sound of lions roaring in the night writes Patti Waldmeir in Johannesburg. And I don't necessarily like sharing my tent with the insect population of Zululand. But the best outdoor experiences in Africa combine just this mix of terror and virtuous self-denial, and the walking safaris, or "wilderness trails," run by Natal's Umfolozi game reserve, provide exactly what I want from the bush: the titillation of seeing (and sometimes being charged by) lion, white and black rhino, buffalo, and a host of less menacing animals; the opportunity to study the trees, plants and insects of the bush; and the chance, most of all, to enjoy its tranquillity.

Unfortunately, I am not alone in thinking Umfolozi game reserve a lovely place to spend four days on trek. The trails, run by the Natal Parks Board, are heavily booked in advance – although a recent price increase, to R325 (about £70) for three days and four nights (food included), appears to have put off some domestic customers. Foreigners will scarcely notice the difference.

But once into the "wilderness area" – a special section of the reserve where there are no man-made structures or roads – there is no problem with crowds.

Each trail includes eight people, plus an armed game ranger and a Zulu game guard. Apart from them, there may be no human beings for miles.

For those who enjoy self-flagellation, Umfolozi also runs so-called "primitive trails" in the same area. No tents, just man and the bush.

However, the "wilderness trails" try to strike a balance between hardship and ease: donkeys carry food and personal belongings from camp to camp; walkers carry only their lunch. Bush camps are furnished with watertight tents, thin but very welcome mattresses, and even pillows.

The game rangers who guide the trails are young and enthusiastic. The ranger who led our group, Zimbabwean Andrew Anderson, was an expert on the flora and fauna of Zululand. Under his instruction, the habits of dung beetles and the life of the termite mound seemed as fascinating as the reproductive activities of the white rhino, which was saved from extinction in Umfolozi reserve.

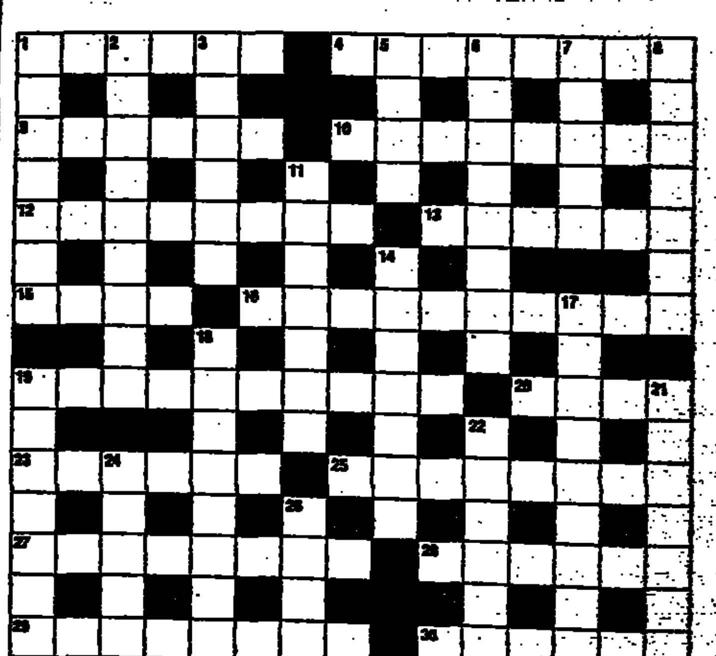
Even more reassuring, the ranger carries a big gun, as does the game guard. Apart from offering invaluable advice on bush etiquette – "if a lion charges you, stand stock still" – the two together ensure that mishaps on the wilderness trails are extremely rare.

■ *You can book through Natal Parks Board, PO Box 662, Pietermaritzburg, Natal. Tel: Pietermaritzburg 0331-471961.*

CROSSWORD

No. 7,295 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday August 1, marked Crossword 7,295 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 4.



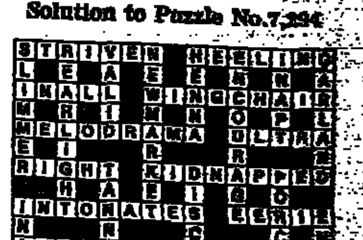
ACROSS

1 £51, convertible? (6)
4 But would he be called to treat shingles? (8)
9 Salutes with cries (6)
10 Central Region unkind to Belloc? (8)
12 Bath v Chelsea? (3,5)
13 Nation embraces university figure (6)
15 English, these days, enough for poets (4)
16 Foe in stagnation, possibly (10)
19 Ten teapots broken – big pots, too! (10)
20 Cliff or Mark (4)
23 Maillot firm soon to open (6)
26 Vulgarity in Essex (8)
27 Crumbs! Svengali has gone mad (8)
28 Show up nurse (6)
29 Is this aircraft self-banking? (8)
30 County seat of Yorkshire (6)

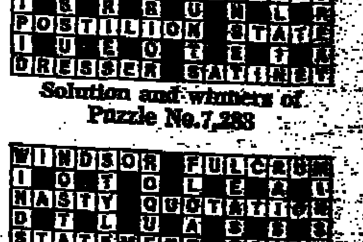
DOWN

1 The French bilge turns out to be decipherable (7)
2 Sovereign position for a roof-timber (5-4)
3 Eskimo needs time inside to know instinctively (6)
5 Roman poet offering nothing over sixpence? (4)
6 Blend in here? (8)
7 Painter meant to be different (5)
8 Northern climb beginning (7)
11 Footballer's one-sided defence against Barking, say (4-3)
14 Overcoat for a sickly-looking kid (7)
17 Elected, Attlee was rough (9)
18 What goes in a New York night out? (8)
19 Two girls sharing a single joint . . . . (7)
21 . . . . the rest live outside the university (7)
22 Cowards spirit can be light-hearted (6)
24 General permit (5)
26 Seaweed derivative used in tea-gardens (4)

Solution to Puzzle No.7,294



Solution and winners of Puzzle No.7,288



L. Berry, St Leonards-on-Sea, E. Sussex; Mrs N.H. Hall, Ponteland, Newcastle upon Tyne; D.E. Jones, Newquay, Cornwall; Denis Mills, Middlesbrough, Cleveland; J. Wheatcroft, London SW5.

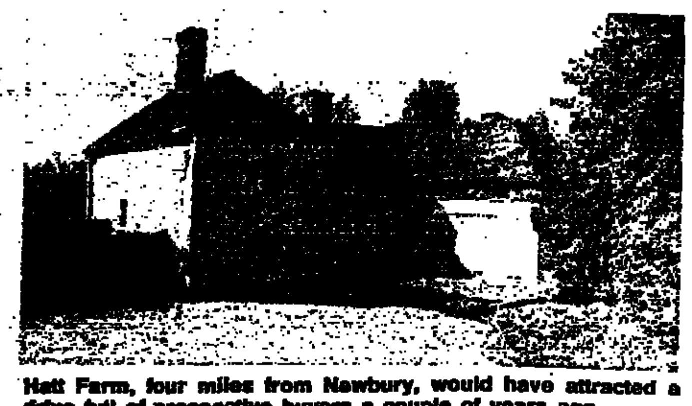
Property

Slowdown in the m-way belt

Even in the golden west the sun is setting on prices says ***John Brennan***

EVERYONE WHO has seen Westerns where cattle barons shoot it out with the railroad men knows that transport and property values are indivisible. That applies just as clearly in the normally less hectic Home Counties. The shortage of good major roads still blights values due south and east of London. Hertfordshire, Buckinghamshire, Berkshire and Surrey, on the other hand, enjoy the fan of motorways – M1, M40, M4, and M3 – as well as an at least moderately effective commuter rail system.

Due west of London the country home buyers commute from both directions. Relocation provided the initial impetus for the growth of the motorway-linked business centres. Now Swindon, Basingstoke and the other one-time satellite towns generate their own jobs and buyers keen to trade up. Or at least they did trade up in the not too distant past. Now, the property market in even this favoured arc of the Home Counties is quiet.



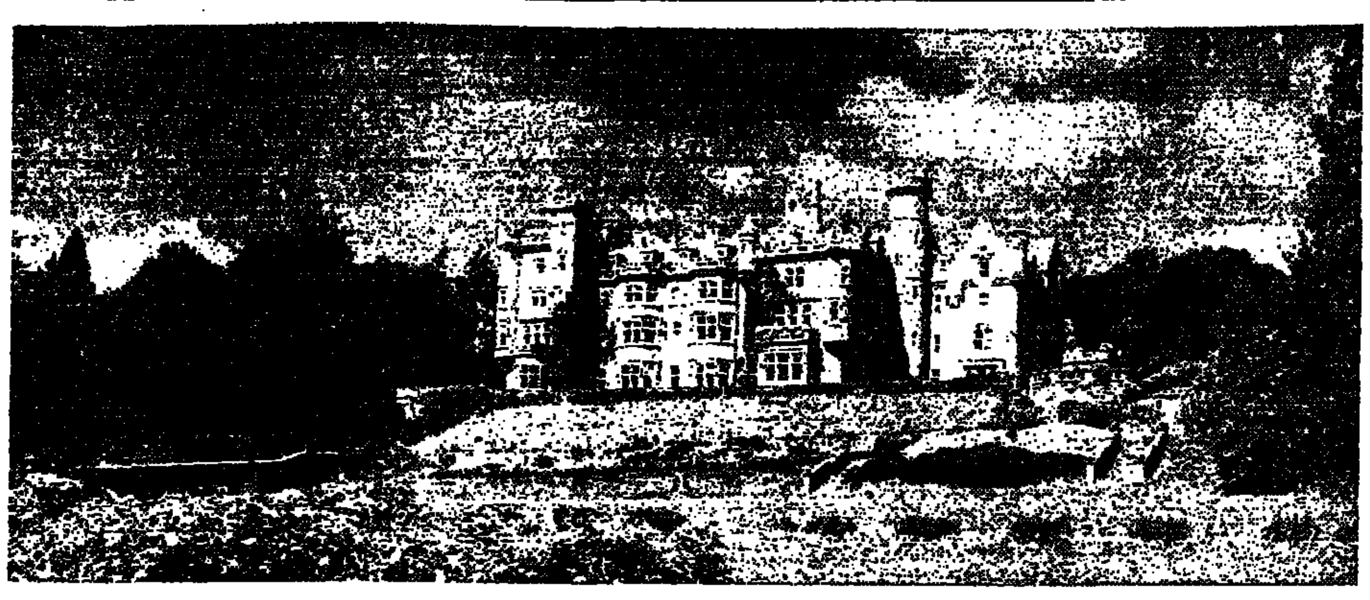
Hatt Farm, four miles from Newbury, would have attracted a drive full of prospective buyers a couple of years ago

"Good houses are still in demand," says Robert Grange of Dreweatt Neate's Hungerford office, "but now there is one prospective buyer for every 10 who were looking a year to 18 months ago." It still only needs one buyer and one seller to make a deal. But as the buyers have vanished, so have the vendors.

"It is still the case that anyone who doesn't have to sell is holding tight," says Grange. "We are doing a lot of valuations, and there seem to be a good number of people who are now holding off until September. There is a feeling that there could be a half per cent drop in interest rates ahead of the Conservative Party Conference this year and that could boost confidence."

Hatt Farm, Hatt Common near East Woodhay, four miles from Newbury is a good-sized 1930s conversion of a pair of cottages into five bedroom, two bathroom family house in one and three quarter acres of garden and woodland. This is precisely the kind of house that was drawing bids and counterbids from a drive full of prospective buyers a couple of years ago. Now, as Grange says, "we have been having calls from people in London who either want a second home or who don't need to sell to buy, as well a fair amount of local interest."

He would have expected this to be at competitive tender stage within two weeks of arriving on the market in 1988. Eighteen months ago he would have expected the property to be snapped up at or over £450,000. A year back he'd estimate a value around £425,000. Instead, Grange reports that there have been a number of offers below the £400,000 being asked, and he expects that it will take a little time to complete within 5 per cent of that guide price.



THE PROPERTY developer Peter de Savary has added another piece of British history to his real-life Monopoly set by outbidding would-be buyers from the US, Japan, and continental Europe for Skibo Castle in Sutherland, writes John Brennan.

Skibo was a common-or-garden Highland castle from around 1200, when it was better known as Schytherbolle, until the 1870's, when Ewen Sutherland pulled down the keep and started to build a Victorian gentleman's idea of a Highland castle. The Royal Bank of Scotland put a stop to the redevelopment by repossessing the property when Sutherland ran out of money.

Then Andrew Carnegie touched the estate with that magic ingredient – a vast amount of cash. Carnegie was born in Dunfermline but his family emigrated to Pittsburgh where he created the largest iron and steel works in the US.

He bought Skibo in 1898 and spent three years, and several million dollars, creating the very model of a multi-millionaire's mansion/castle. He retired there in 1901 and commuted between Skibo and his London and US homes until his death in 1919.

John Clegg & Co handled the sale of the castle and 1,580 acre estate (rising to 7,000 acres with grouse moor) for a subsidiary of the Globe Investment Trust. The agents cheerfully report a sale price "well in excess of" the guide tender price of £4m and report that the de Savary's plan to retain Skibo as a family home.

Pitfalls of cashing in for the old and land-rich

John Brennan considers the advice available on remortgaging for the elderly

LAND RICH and cash poor used to describe the squirocracy – those country folk whose budget caution means that their Range Rovers are bought "pre-used" rather than new.

The landed gentry's traditional means of drawing in the liquid assets necessary to maintain the family pile was to have the children marry money. Hence the natural admix of debutantes' weddings and country house sales in such publications as *Country Life* and *The Field*.

In the 1980's the spectacular rise in the amount of cash borrowed against property values, but not intended for property purchase or improvement, has diluted the view that equity release is is a rather roguish thing to do. The process of remortgaging and raising supplementary mortgages on a property has eased the problem of turning fixed property assets into spending money for most people.

That has not been a great deal of help to the old, whose age stops them planning for rising salaries or taking on the commitment of an extra long-term loan repayment. Instead, a range of equity release products have been created which are tailored to enable older home owners to cash in the uncharged value of their home without having to sell and move.

Some of these schemes are good, some are not. All need a degree of scrutiny that is beyond most individual homeowners, and outside the expertise of their normal run of advisers. The average bank manager, local accountant or solicitor is highly unlikely to know just what schemes are available, and which might suit a particular client. Children advising parents or grandparents are far more likely to be concerned about the older homeowner's immediate cash problems than the medium and long term headaches that some of these plans can create.

Age Concern England has now published an updated edition of Cecil Hinton's "Using Your Home as Capital" (price £2.95) which brings together and reviews both the good and the high-risk home income and loan schemes for older people. It's a must for anyone thinking of raising cash on their house, and anyone concerned about an older member of the family who might well be better off with cash rather than capital when they don't need it. The book is available in bookshops or, for the same price, including postage and packing, from department UHC, Age Concern England, 1268. London Road, SW16 4EJ.

■ A sign of the times comes from retirement housing specialists McCarthy & Stone. As old buyers simply fade away, M & C, the "retirement housebuilder of the year" is moving down the age range and into the starter homes market.

At Botley Road, Osney in Oxford and at New Road, Bromsgrove, Worcestershire the company has persuaded the planners to waive age restrictions on sales of new flats on sections of sites originally earmarked for retirement property. The Oxford scheme offers 23 flats from £57,750 to £78,900, a quarter of which are reserved. The 30 Bromsgrove flats are to be priced from £45,000.

Planning authorities rarely grant the high density of homes to the site/acre that they permit for purpose-built sheltered housing. To make sure that eventual developments meet the housing needs of the elderly, these consents usually include provisions to limit sales to those who are over 55. Throughout the 1980's builders prized these consents because they allowed more homes on less land. But, in the past year or so planners across the country have been receiving requests for change of use on slow-selling sheltered housing schemes.

Older owners have proved particularly resistant to cutting the asking price to bring them into line with the market, and with fewer resales the flow of people trading across to specifically-designed retirement properties has slowed to a trickle. The first timers don't have a housing chain to be snarled up in.

■ The Woolwich Equitable Building Society is understood to have been taking more than a casual interest in the paperwork now being circulated on Hamptons estate agency network. Hampton's 150 or so residential agency offices form part of Abaco, a subsidiary of John Gunn's beseiged British & Commonwealth group. In recent months the list of potential purchasers has include talk of a buy-back by Hamptons' management, protracted negotiations with the Trustee Savings Bank, viewings by Royal Life, Abbey National, the Halifax, General Accident . . . just name a financial institution with an existing estate agency set-up, or one that might like to have a network at a fire-sale price, and you can be sure that it has been mooted as a possible buyer.

Last year, when B & C still had friends in the City, John Gunn explained that he would not turn down an offer for Hamptons at a reasonable price but that he would prefer to organise some form of joint-venture with a retail finance group. Initial talk about a £50-£60m asking price subsequently fell to speculation about a sale at £30m or so. Now, groups that have reviewed the figures privately talk about a valuation nearer £100,000 an office and of the problems of office closures to trim the business back to its core of upmarket town and country house sales.

Royal Life, among others, is understood to find too much of an overlap with its existing network to make any move on a sale that involves the whole of Abaco's residential and commercial property operation. Any thoughts of management buy-out have been made more difficult by this problem of not being able to strip out the core agency business.

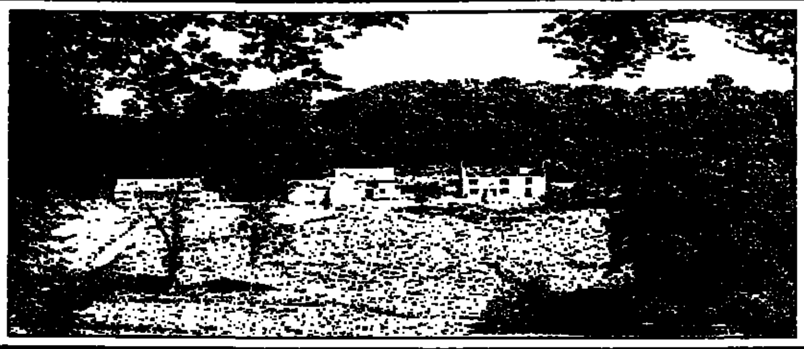
● Housebuilders are expected to complete a little over 140,000 private sector homes this year. That is 25,000 down on the 1989 figure and 75,000 less than in 1988. That is roughly the same number as in 1979. But at that time public sector housing was adding nearly 10,000 homes to the housing stock each month. Times have changed, and budgets tightened. The official total for new council house starts in April was 500.

COUNTRY PROPERTY

20 Hanover Square
London W1R 0AH

Knight Frank & Rutley
INTERNATIONAL

071-629 8171



Gloucestershire
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An outstandingly beautiful valley setting for a private house, cottage and amenity farm
18th century Cotswold farmhouse, stone buildings and attractive fully modernised cottage. Outline consent with potential for creating a 4 reception room, 6 bedroom house. Level grazing and paddocks. Two freshwater lakes. 9 acres of woodland and bank.
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(A further 18 acres available)
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Main hall, 4 reception rooms, master bedroom with en-suite bathroom, 7 further bedrooms, 2 further bathrooms, 4 attic rooms. Extensive cellars. Gate lodge. Large stable block, outbuildings. Gardens, parkland, woodland and 3 lakes.
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Moreton-in-Marsh 5 miles. London 88 miles.
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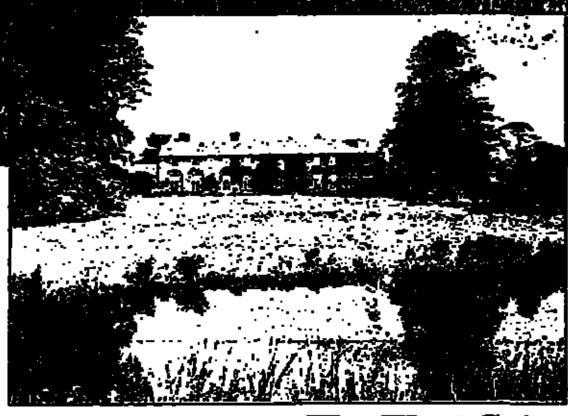

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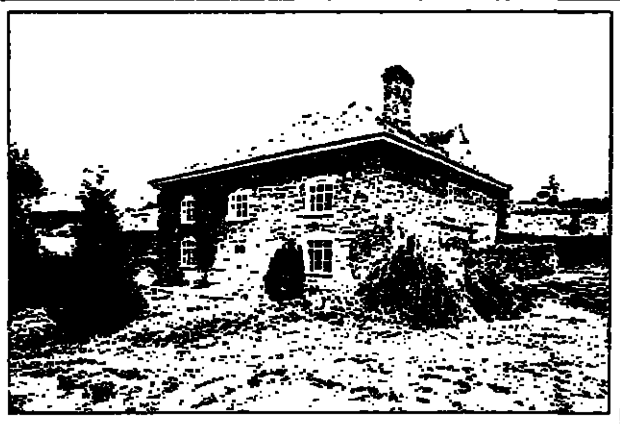
Currently used as a famous finishing school but suitable for a variety of alternative uses subject to the necessary consents.
2 cottages and lodge.
Extensive outbuildings and lake.
About 22 acres
Apply: Ascot (0990) 24782 or London 071-629 8171 (AW/GSP/103808)

Buckinghamshire
Marlow. M4/M40 10 minutes. Heathrow 30 minutes. London 45 minutes.
A magnificent and unique riverside home with views over the River Thames towards Marlow Suspension Bridge
Central atrium with 20' fig tree, 3 reception rooms, 4 bedrooms, 3 bathrooms (2 en-suite). Spacious roof garden with own kitchen. 32' private mooring.
Offers in excess of £700,000
Joint Agents: Hamptons *Giddy & Giddy, Marlow* (06284) 5234
Knight Frank & Rutley, Beaconsfield (0494) 675368 (STJ/104083)

Warwickshire/Oxfordshire Border
Ariescote. Banbury 6 miles. Warwick 13 miles. M40 Junction (opening late 1990) 4 miles.
A fine period stone house Listed Grade II* set at the foot of Edgehill
4 reception rooms, 6 main bedrooms and 3 bathrooms, 4 further bedrooms and bathroom. 5 bedroom secondary house. Beautiful gardens with 3 gazebos and canals. Stone stable block and garaging for 5 cars. Paddocks.
About 8½ acres
As a whole or in 3 lots.
Apply: Stratford-upon-Avon (0789) 297735
or London 071-629 8171 (PRG/VEW/104197)

Ross-shire
Ullapool 15 miles. Inverness 41 miles.
A most attractive small West Highland estate yielding 10-15 stags and about 20 hinds, trout fishing in rivers and lochs
Beautifully situated cottage with sitting room, kitchen/dining room, 2 bedrooms and bathroom.
About 1,050 acres
Offers in excess of £185,000
Apply: Edinburgh 031-225 7105 (LSS/103969)



North Herefordshire
Hereford 8 miles. Leominster 6 miles.
A handsome listed Georgian house in an attractive village location
3 reception rooms, 5 bedrooms, bathroom, extensive domestic offices. Spacious attic rooms. Extensive range of traditional and modern outbuildings. Gardens and paddocks.
About 4⅔ acres
Offers in the region of £275,000
Apply: Hereford (0432) 273087 (TPGJ/103945)

Surrey
Cobham ½ mile. A3 and M25 3 miles. London 30 minutes.
A quite superbly converted and extended 16th Century Grade II* barn
Reception hall, breakfast/sitting area, 60' x 24' vaulted barn, master bedroom suite, guest suite, 3 further bedrooms, further bathroom. Gas central heating, double garage.
About 2 acres
Offers in excess of £600,000
(Further listed barn in 1 acre with planning for conversion and extension also available)
Apply: Esher (0372) 64496 (ACB/103190)

Buckinghamshire
Iver Heath.
Beaconsfield 10 miles. London 16 miles.
An attractive Victorian house standing on the edge of Black Park
3 reception rooms, family room. Master bedroom suite, 5 further bedrooms, family bathroom. Detached cottage with drawing room, 2 bedrooms, bathroom, delightful cottage garden. Garage. Gardens.
About 4½ acres
Apply: Beaconsfield (0494) 675368 (DMTT/103991)

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Tel: 081 547 1681/3998 for details.

Octagon Developments, Weir House, Hurst Road, East Molesey, Surrey. Tel: 081 941 4131

OCTAGON

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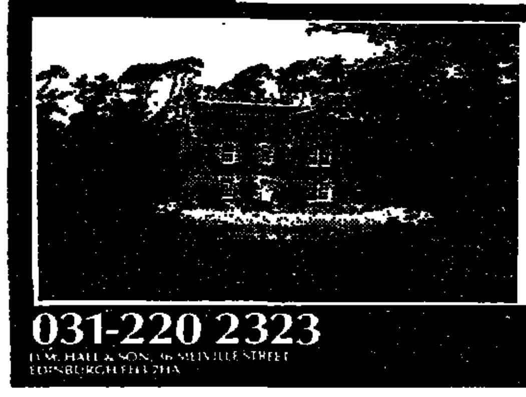

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COUNTRY PROPERTY

STRUTT & PARKER 13 HILL STREET BERKELEY SQUARE LONDON W1X 8DL 071-629 7282

Kent - Wickambreaux. Canterbury 5 miles, Sandwich 5 miles. A medieval stone and flint house steeped in history and overlooking the village green. 3 reception rooms, 6 bedrooms, 3 bathrooms. Attic room. Outbuildings (potential for creating annexe subject to obtaining necessary consents). About 0.35 acres. Region of £300,000. Canterbury Office: Tel. (0227) 451123. Ref.8883304.

Kent - Warehorne. Ashford 6 miles, Tenterden 7 miles. A productive residential dairy and arable farm. 16th Century timber framed Kentish farmhouse. Barn with consent for conversion. Farm buildings. 291 acres of farmland and 54 acres woodland. 317,339 litres of milk quota. About 343 acres with vacant possession. For sale by Private Treaty as a whole or in up to 4 Lots. Canterbury Office; Tel. (0227) 451123. Lewes Office: Tel. (0273) 475411. Ref.8A83302.

Exmoor National Park. Exford 3 miles, Dulverton 9 miles. An imposing country house hotel in the heart of Exmoor hunting country. 3 reception rooms, 10 bedrooms, 9 bathrooms, shower room (all en suite). Central heating. Cottage, further accommodation. Stabling, garaging. Mature gardens, paddocks. About 9 acres. Region £475,000. Taunton Office: Tel. (0823) 277261. Ref.1588367.

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Price upon enquiry.
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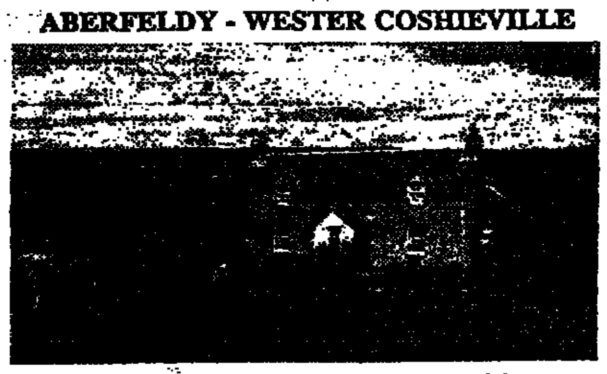
Tel: 031-225 5286 Fax: 031-225 3709
Please contact: Jacqueline Macfarlane or
GA Town & Country London, Please contact Paul Jackson

GA General Accident — London office: 251 Brompton Road, London SW3 2EP. Tel: 071-584 1066.

PERTHSHIRE - RIVER TAY
ABERFELDY - WESTER COSHIEVILLE



A compact residential, agricultural and sporting mini estate

5 bedroomed farmhouse with superb views on 100 acre farm. Salmon and trout fishing on River Tay including 1 km of riparian bank and 2 weeks timeshare in perpetuity in August

For sale as a whole or in 4 Lots

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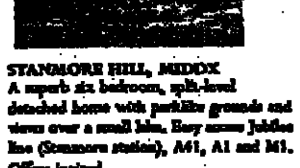
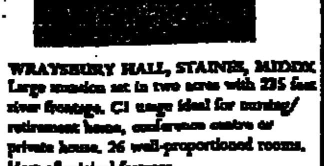


STANMORE HILL, MIDDX
A superb six bedroom, split-level detached home with parklike grounds and views over a small lake. Easy access Jubilee line (Stanmore station), A41, A1 and M1. Offers invited.
Telephone 071-486 0905



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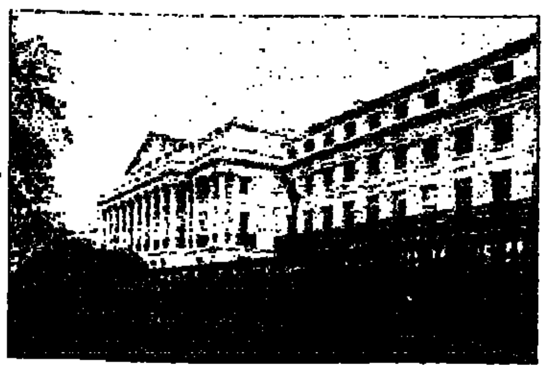

REGENTS PARK NW1
Cumberland Terrace
In the grandest of the eleven terraces of Regents Park, a beautifully restored, interior designed house with mews house.
5 beds, 5 baths, 3 dressing rms, hall, 3 receps, kitchen/breakfast room, family room, flower room, patio, wine cellar. 3 bedroom mews house with garage.
Crown lease 53 years £2,350,000
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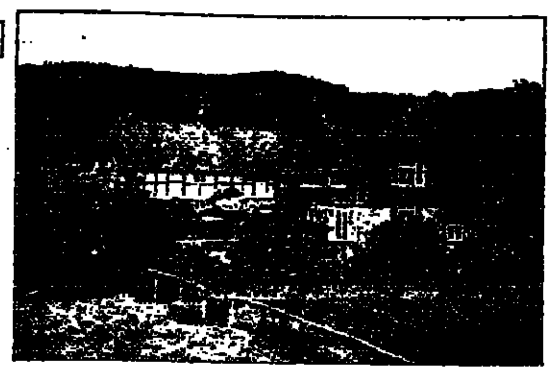

SURREY
Near Haslemere
Guildford 11 miles
A small country estate with sporting and equestrian potential which includes a listed 16th century farmhouse with 5 bedrooms, swimming pool, 3 stocked lakes, kitchen garden, gardens and paddocks.
About 88 acres.
Price Guide: £425,000
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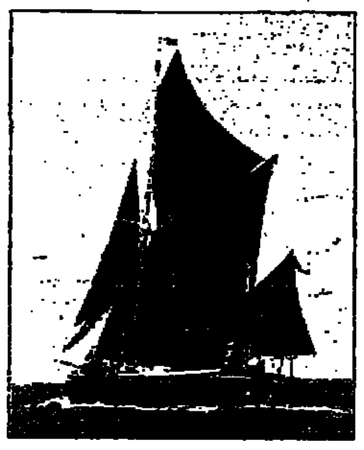
HAMPSHIRE
Odiham
Basingstoke 7 miles
Waterloo 49 minutes
A Grade II* listed house in its original walled garden behind Odiham's historic High Street.
4 bedrooms, 3 baths, 3 receptions, study, kitchen/breakfast room, cloakroom & cellar.
Charming south facing garden and terrace.
FARNHAM OFFICE 0252 737115

KENSINGTON W8
Scarsdale Villas
A wide, south facing Victorian house with elegant, high ceilinged rooms.
4 bedrooms, 2 baths, 2 receptions, kitchen/breakfast room, utility room, cloakroom, parking, front & rear gardens.
Freehold £800,000
KENSINGTON OFFICE 071-727 0705/2665



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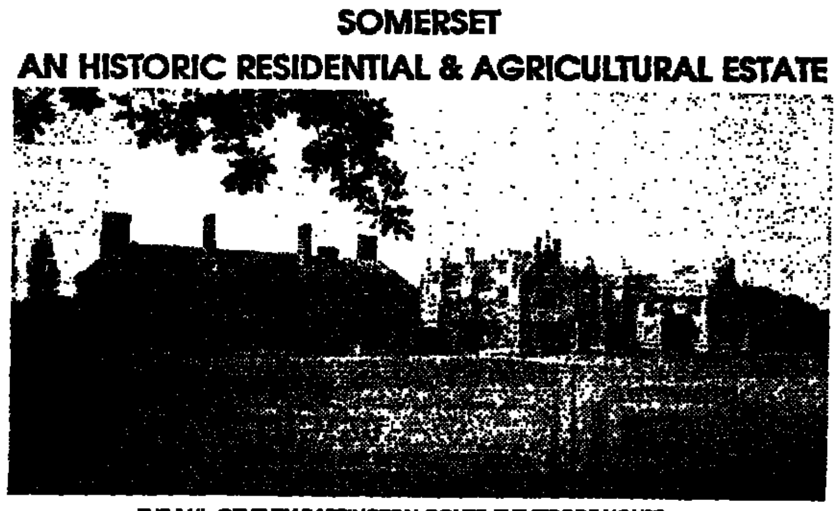

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Derbyshire market town. Large detached character property 1828 English Heritage Listed. Outstanding views. Renovated. Gas CH, Aga, original panel doors, cornices etc. 5 double beds, master en-suite, luxury family bathroom, reception hall, dining, drawing, utility and shower WC, library, kit, cellar, loft, ½ acre gardens, greenhouse, carport, parking 4 cars. Would divide to 4 beds and apartment. £219,000 (neg).
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Historic Listed manor house in a peaceful situation with views to the Downs.
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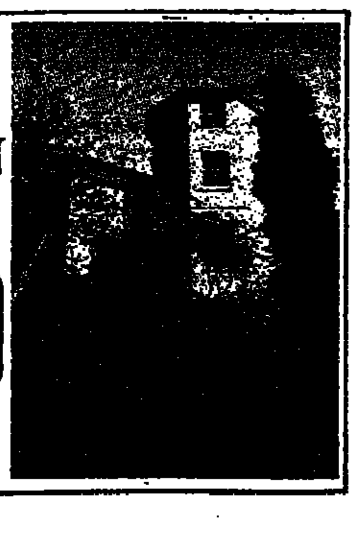
Crown lease 6½ years
Price and lease terms on application
Contact David Hall



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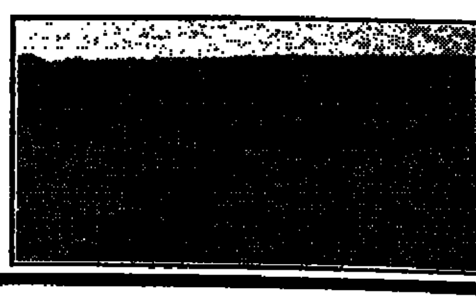

Reception Hall. 4 Reception Rooms. Kitchen/Breakfast Room. Domestic Offices. 3 Bedroom Suites. 3 Further Bedrooms & Further Bathroom. Indoor Swimming Pool. Stabling. Garaging. Gardens & Grounds. 8 Paddocks.
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New Mills (0663) 745333 (eves).

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A rare opportunity to acquire a
1.35 Acre BUILDING PLOT
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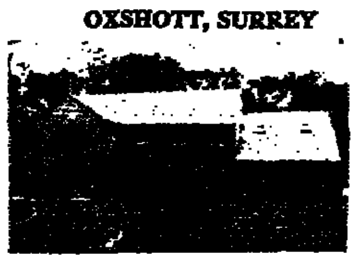
1/2 Acre Plot, Similar to Photo
TAKE THIS OPPORTUNITY TO CUSTOMISE THE HOUSE TO YOUR OWN REQUIREMENTS



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Auction: 23rd July 1990
Price Guide: £175,000

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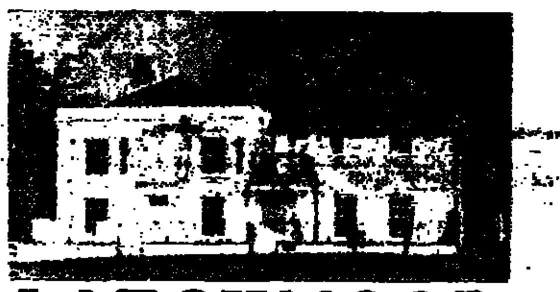
(0905) 24477

LATCHMOOR



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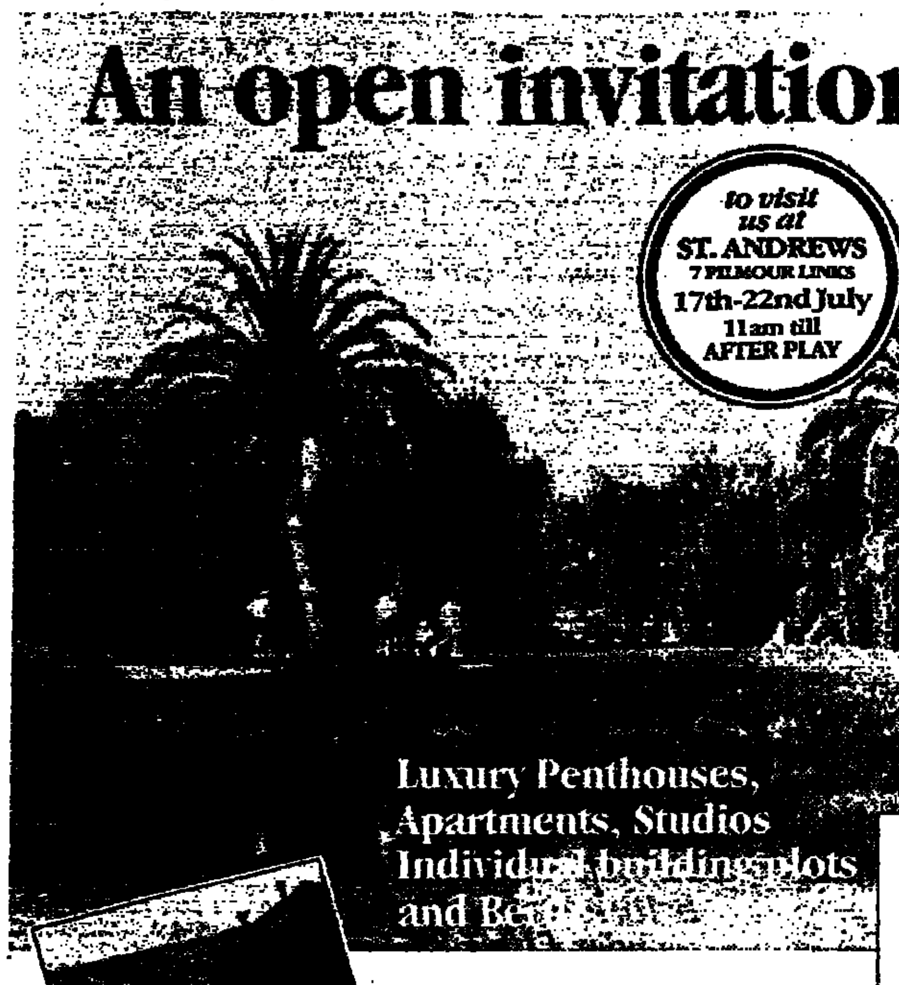

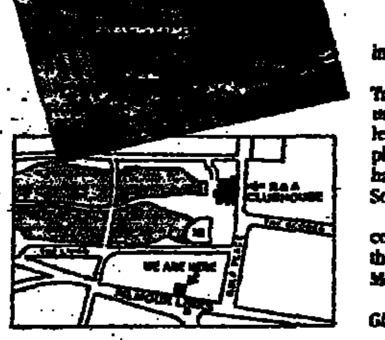

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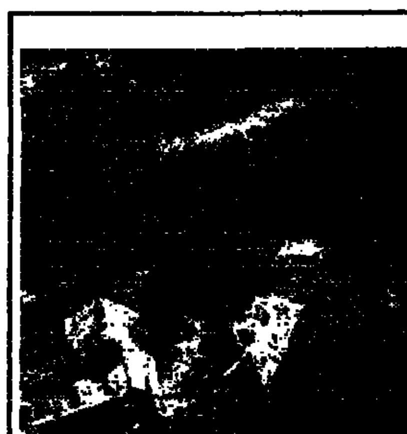

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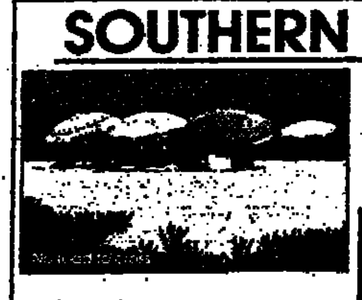

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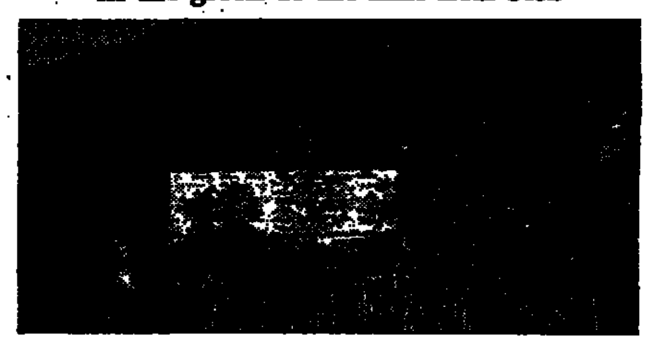

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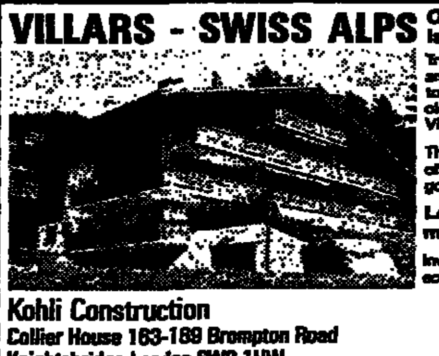

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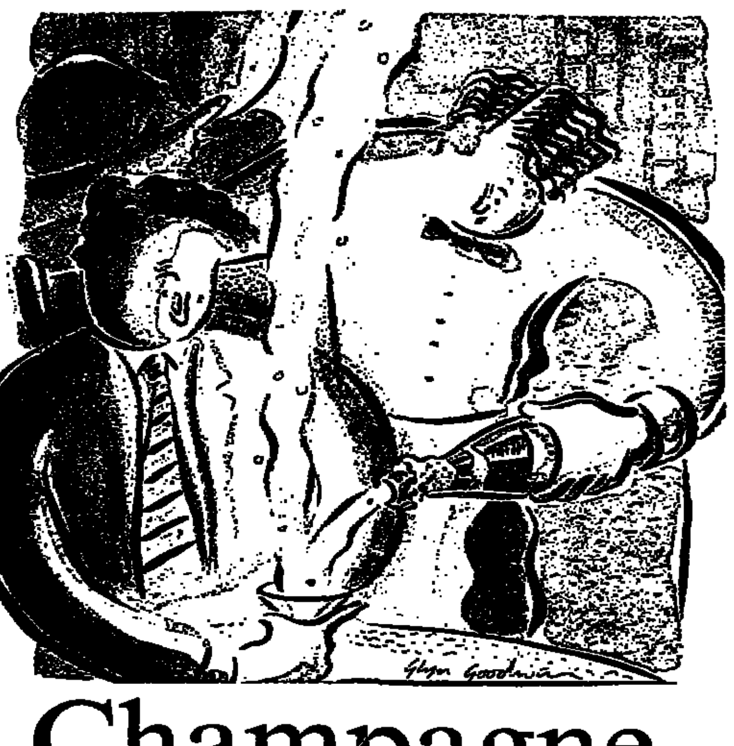


Champagne showdown

*The world of vintage bubbly is in turmoil, says **Edmund Penning-Rowsell***

FOR 31 years the distribution to the merchants (*maisons*) of nearly half each champagne vintage was strictly regulated by the Comité Interprofessionel du Vin de Champagne on the basis of the previous year's sales, with a supplementary allowance for exports.

These controls operated through on a succession of six-year contracts and served champagne well, with an assurance for the growers of sales of a proportion of each crop, and for the merchants a guarantee of supply.

This was all very well when production exceeded demand, but the balance slowly changed, so that latterly the merchants increasingly complained that, in a period of swiftly rising sales, the growers were retaining too much of their production. The growers, in turn, said they could do better by selling still wine (*vin clair*) or bottled champagne, or selling to the co-operatives.

So, although it was commonly believed that the new six-year contract would be signed in March, in fact only 14,250 growers, compared with 16,700 previously, agreed to continue and provide grapes from 9,580ha, as against 11,430 – 41.8 per cent of each vintage instead of 47 per cent, and the 48 per cent that the merchants had hoped for. As a result, the merchants refused to sign.

Suddenly there was a free market and the threat of relative anarchy in the well-regulated world of champagne, with fears that the large groups, often with outside finance available, would corner the market at prices the smaller houses could not afford. After a year or two of ever-higher champagne prices, there would be a sharp fall in consumer demand and the growers, particularly those on the fringe in Aube and the Aisne and lower down in the Marne Valley, would be unable to sell their grapes at profitable prices. The terrible 30s over again.

However, champagne is too prestigious and profitable a wine – as well as the biggest source of foreign currency of any French alcoholic drink – for the authorities to leave it to the mercy of the market.

So, within weeks of the abandonment of the contract in mid-March, the CIVC came up with new proposals to cover the next three vintages. The merchants' and growers' syndicates would agree on a reference price (*prix indicatif*) for this year's crop – not compulsory but likely to be the benchmark for sales of grapes. Also, to prevent excessive purchases, each merchant house will be given a ceiling, based on the previous year's sales, but will also include purchases of *vin clair* and champagne in bottle. This ceiling will be above the total amount of grapes to be available, so will provide a certain flexibility of purchasing power.

Following that, the trade organisation put out a three-year contract proposal. The growers who sign will be guaranteed the sale of the whole or part of their crop as committed, and the price will be guaranteed at a level not less than 35 per cent of the average price of a bottle sold in the first six months of each year by those merchants who also sign the contract.

This will protect the growers in the event of a fall in the market price below a certain level. On the merchants' side, those committed to the contract will secure a priority of purchase over the non-signatories. The response to this proposal will not be known until the beginning of September.

Meanwhile, the *maisons* have not been slow to secure continuity from their previous suppliers and also new ones if possible. All sorts of schemes have been put out, as well as appropriate entertainment provided. The one likely to secure most support is an ingenious proposal circulated by Moët & Chandon, by far the largest of the houses. This promises growers a bonus of 3 per cent of the difference between the average price paid for grapes at the vintage and the gross margin on a bottle of champagne sold. So if Moët pays FFr30 a kilo for the grapes, and sells its non-vintage wine for FFr90 a bottle the growers would receive a bonus of FFr1.8 per kilo on the grapes they sold. A higher price for the grapes would reduce the bonus unless the per-bottle ex-cellars sale price were increased.

It is unlikely to be a small crop this year or a very large one. Pessimists suggest 10,000 kg per ha, optimists 12,000. Last year it was a large 11,600. Even if the new contract had been signed, the price of grapes would have risen from last year's maximum of FFr26.77.The general view in the region is that they will be about FFr32 to FFr34 – a 20 per cent increase that must lead to a rise in retail champagne prices.

Although no one in Champagne is prepared now to predict the long-term future, it is probable that a new, shorter-term contract, with growers on more equal terms with the merchants, will generally be found desirable.

Unless a catastrophic situation arises, the longer the delay before such an agreement, the more difficult an industry-wide contract will become as individual contracts are entered into.

The increasing reluctance of the growers to sell their grapes to the merchants which brought about the collapse in negotiations was not entirely a matter of price. Although most growers had fixed arrangements with the *negociants*, under the CIVC distribution system they could be obliged to sell part of their crop to others with whom they had poorer or no relations. Moreover, as the price of grapes increased each year, it became necessary to sell only enough grapes or wine to keep turnover below FFr500,000 when only an agreed *forfait* tax would be payable, instead of audited accounts (*benefice real*) obligatory above this level. And 15,000 out of the 19,000 vineyard owners in Champagne still contrive to arrange their affairs on a *forfait* level.

Another influence is the increasing number of *lycée-veticole*-trained growers whose ability to make their own wine and interest in doing so is far greater in both respects than their fathers'. There has also been a general feeling that six-year contracts were too long. The co-operatives, a widening influence in Champagne, by offering more powerful negotiations with the *maisons*, discouraged their members from signing the contract. The number doing so collectively dropped from 4,000 to under 2,500.

Although the co-operatives have as yet only a small share of the market (16.5m bottles out of a total of 250m), 39 of them sell under their own label, with seven marketing 75 per cent of the total. They are led by Chouilly, which last year sold more than 500,000 bottles to the UK, and Jacquart, the brand of the Rheims co-op that exported nearly 200,000 bottles to the UK.

The price rivals of the merchants are also the companies which supply the Buyers-Own-Brand (BOB) market – most important in the UK where Marne & Champagne, much the largest concern, last year sold 1.8m bottles to 20 retailers.

All these considerations made the merchants determined to secure adequate supplies of grapes, particularly for the export markets where they furnish more than 90 per cent of the trade. And, of course, it is their promotion that maintains the reputation for the quality of champagne against the flood of cheaper sparkling wines. Accordingly, when they received a revised offer from the growers which would have lead to a shortfall of 65m bottles in an ample vintage and 112m in a short one, they declined to sign. Thus, there is a free market in grapes, with an abolition of the bonuses given to growers from taxes designed to restrict the sale of *vin clair* or *vin sur latte* (unlabelled bottled champagne).

The factor not all that much advertised in Champagne just now, is the likely reaction to prices that have already risen sharply in the past year or two, with many Grandes Marques NVs approaching £20 a bottle. Higher prices will not await the inclusion in the blends of more costly grapes, and are bound to go up again next year.

The best-laid plans of merchants and growers may well go astray if their customers believe champagne is now excessively dear, and for their sparkling wines turn to those from other less impressive but notably cheaper sources already prominent on the shop shelves.

Eel, pie and mash

Nicholas Lander eats well — and British — for under £10

JUST OFF a plane from Australia a friend, who had left Wales in the 1950s for Australia on a £10 ticket, asked me: "Where can I get really good British food – you know, steak and kidney pie, good fish, roast lamb or roast beef like I used to eat at home? And I am not paying the Connaught or Wilton's prices!" Stuck for an answer I went to check in the restaurant guides, but they were of little help. Both *The Good Food Guide* and Michelin list restaurants by the type of food they serve but there was nothing at all listed under British food in *The Good Food Guide*, while Michelin listed only eight restaurants serving British food in London (and three times that many Chinese restaurants).

The rediscovery of our national culinary heritage has gradually been taking place over the past few years, and there are now far more producers of traditional British hams and cheeses, for example, than there were 15 years ago. But why is it so difficult to find good British food in restaurants at reasonable prices?

Part of the answer lies in the fact that British cooking, like Jewish cooking, is the food of the home rather than the restaurant. The great British food writers, in contrast to the French, have been women domestic cooks preaching domestic virtues. We can boast of a long line from Hannah Glasse to Jane Grigson, the French Alexis Soyer to today's three star chefs. But the cost of preparing good British food has changed dramatically too. While the UK still produces wonderful raw ingredients, their cost has dramatically risen.

I asked a wholesale butcher, who supplies a number of top restaurants, for prices. The old cut for a baron of beef is no longer available because cattle are slaughtered differently today, but a similar joint would cost a restaurant £35 and feed 10-12. A crown of lamb costs about £12 to feed four.

On a restaurant menu with a sauce, vegetables, VAT and service, each would be at least £15. Chuck steak for a steak and kidney pudding costs £2 per lb and calves kidneys, £4 per lb ... and the best come from Holland. Only wild salmon of the dishes we imagine our forebears regularly eating remains relatively cheap.

One of the explanations for this price increase is that as the UK became more prosperous, we gave up eating many of our cheap national dishes – ox-tail, Lancashire hot pot, mackerel and herring – not because we did not like them, but because they were not considered good enough socially. It is still possible, however, to enjoy some of this food in London today in restaurants that date back to the mid-19th century.

During Victorian times, one of the most frequented types of eating establishment was the eel and pie shop which opened close to any street market. The best today is F E Cooke's, 41 Kingsland High Street, London E8. Established in 1862, it moved into its present premises in 1910.

The decor is plain but delightful: the original tiles have survived and cover the walls from floor to ceiling with a central row depicting Dutch eel barges coming up the Thames. The menu is straightforward: jellied eels, eels and mashed potato, and for the very hungry, steak and kidney pie, eels and mash and fruit pie and custard for pudding. The food is served to you in a bowl on a plate with a liquor that has been a family secret for the past five generations but is based on parsley and allspice. Prices start at under £2 and rise to £3 for the eels, pie and mash.

Cooke's is unlicensed, but will allow you to bring in your own wine or beer. A blow-out lunch or dinner for four will cost £20 – less than the VAT on a meal for four in a top City restaurant. Tel 071-254-2878. Open Monday-Thursday 10am-8pm; Tuesday-Wednesday 10am-6pm; and Friday-Saturday 10am-10pm.

Founded even earlier than Cooke's, in 1830, and one of the City's few institutions apparently impervious to change, is Sweeting's, 39 Queen Victoria Street, London, EC4, (071-248-3062) open for lunch only 11.30am-3pm Monday to Friday. Sweeting's speciality is fish and the quality of their raw ingredients is undoubtedly high. However, the cooking can sometimes disappoint and the staff can be surly as they dispense places to those who want to sit down to eat either in the small restaurant or at the counter (Sweeting's does not take bookings).

The best value at Sweeting's is to eat at the sandwich and savoury counter and soak in the gossip or atmosphere according to whether you are a City inmate or tourist. Lunch for two comprising three rounds of smoked salmon sandwiches, baked jam roll and hot apple pie and custard and a tankard of draught Guinness each was under £20. Coffee is not served but Aran, the coffee bar across the road, serves very good espresso and cappuccino.

One naturally associates fish and chips with eating cheaply in Britain and, in my opinion, the best in London today can be found at the Sea Shell, 49 Lisson Grove, London NW1, just around the corner from Marylebone Station (071-723-8703). The business began at the turn of this century but has had to move to larger premises to cope with demand. At lunch in the take-away section, they can serve 250, and up to 1,000 on a busy night.

A large and somewhat characterless restaurant attached helps them dispense up to 32 stone of cod, 25 stone of haddock, 50lbs of Dover sole and 60 sacks of potatoes a day. But they do pay attention to changing trends here. In the restaurant salads are available, the fish can be grilled and only ground nut oil is used for the frying. Prices start from just under £3 in the take-away and from £5.60 in the restaurant.

The most recent and most original addition to eating good, cheap British food in London is The Quality Chop House, 94Farringdon Road, London EC1. Ironically, it is a Frenchman, Charles Fontaine, from Lorraine, who is the chef-proprietor having been the chef at Le Caprice in Mayfair for the past eight years.

When he decided to go on his own last year and was looking for premises, Fontaine's former boss handed him the particulars of what is today his restaurant (restaurateurs are continually bombarded by estate agents hawking properties for sale). Built 140 years ago, it was a working man's cafe. Today, and £250,000 later, there is a new kitchen, good food and a renovated dining room with eight tables.

There is no minimum charge and Fontaine has succeeded in combining some of the best of British food with what is currently in season elsewhere and a generous approach to portion control. Well-made veal sausage and mash; black pudding and apple compote; calves liver and bacon and a very good salmon fishcake are on the menu next to a Charentais melon, shiitake mushroom salad and scrambled eggs with smoked salmon. The puddings have improved now that Fontaine has his own pastry cook.

Three small caveats: there is no air conditioning and it can become very hot, you may be asked to share a table and the original wooden seats benches can feel uncomfortable. Take a cushion and a fan!

Fontaine has sensibly carried on a breakfast trade and offers the full British breakfast for £4 and, for the more health-conscious, porridge at 75p and kippers at £2. Breakfast and lunch Monday-Friday 7-9am and 12-3pm; dinner Tuesday-Saturday 6.30-11.30pm. From September it will be open on Sundays.

One could eat a good breakfast here and follow it with lunch at Cooke's and dinner at the Sea Shell and spend less than £10 for all three meals.

You would be experiencing a taste of Britain's culinary heritage in some interesting London architecture and have money to spare for a copy of Jane Grigson's *English Food* (Penguin £7.99) which expertly describes many of our most memorable dishes and their recipes.

*Gardening: **Robin Lane Fox and Arthur Hellyer** visit a pair of society gardens which stimulate thoughts on aesthetics*

Forty and ugly with unsightly kidneys

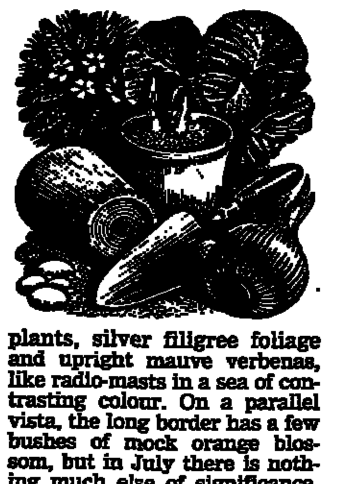
I AM still brooding on an afternoon's visit, which had much to say about English gardening. On the outskirts of Harrogate, in Yorkshire, the Northern Horticultural Society maintains its ample and often-cited garden at Harlow Carr. This year, the garden has reached its 40th birthday; even on a north-sloping site life begins at 40 and it is time to take a critical look.

The enterprise began through the determination of a few keen gardeners, especially the late CH Grey, who was a fine alpine plantsman and grower of very rare bulbs. Funds have never been plentiful. It costs £2.50 for outsiders to visit the garden: in the modern mode the exit is strictly through their prolific shop. Almost 100,000 visitors enter yearly, but many of them pay nothing because a visit to Harlow Carr is a concession to members of the RHS.

Perhaps 100,000 gardeners go there to find ideas. It was one of Grey's ideas, which I respect, that a major garden in the North should show the capacities of plants in difficult conditions. Beggars cannot be choosers, and the Harlow Carr site was not exactly benign. It slopes away from the sun before sloping up again into woodland on the far side of its view; the soil is cold and a heavy clay; it is admirable to find that anything grows there; nobody can pretend that it is easy to run a public garden, let alone one of 68 acres, with only nine staff (two of whom have heavy office duties) and a team of trainees and temporary recruits. There is an air of active horticulturalism, talk of species-rich wild planting and conservation in terms of today's perceived needs: on September 7 there will be a Workshop on "Herbaceous Perennials." As I looked down the main sloping vista, an earnest young man chugged past on his mini-tractor, taking a load of cleanly grown cauliflowers to an unspecified point.

Believers in the global excellence of English gardens block out some of its visual effects: many of them are best seen in the headquarters of qualified gardening and the world of the Dip Hort. Admittedly, I mistrust almost all modern sculpture and was unlucky, last week, to coincide with Harlow Carr's summer exhibition in its flower-beds, "playing an integral part, providing focal points, describing a particular space." The problems, however, seem to me to go deeper. Here is a garden whose authority is widely respected among growers, whose trials and tests are thought to be helpful to amateurs, but whose design, lay-out, and planting are almost entirely horrible.

It is not just the incidence of red-hot pokers, the kidney-shaped beds or the areas of sloping, open-plan design which invite you to turn on your tracks between island beds of planting, while you wonder why you should deviate or double back. Trees have been dotted about the place; one purple bush deserves a silver-leaved companion; that common form of cream-variegated Acer stands slap in the sight-line of a main view; at the top, a kidneyish bed combines purple-leaved Castor oil



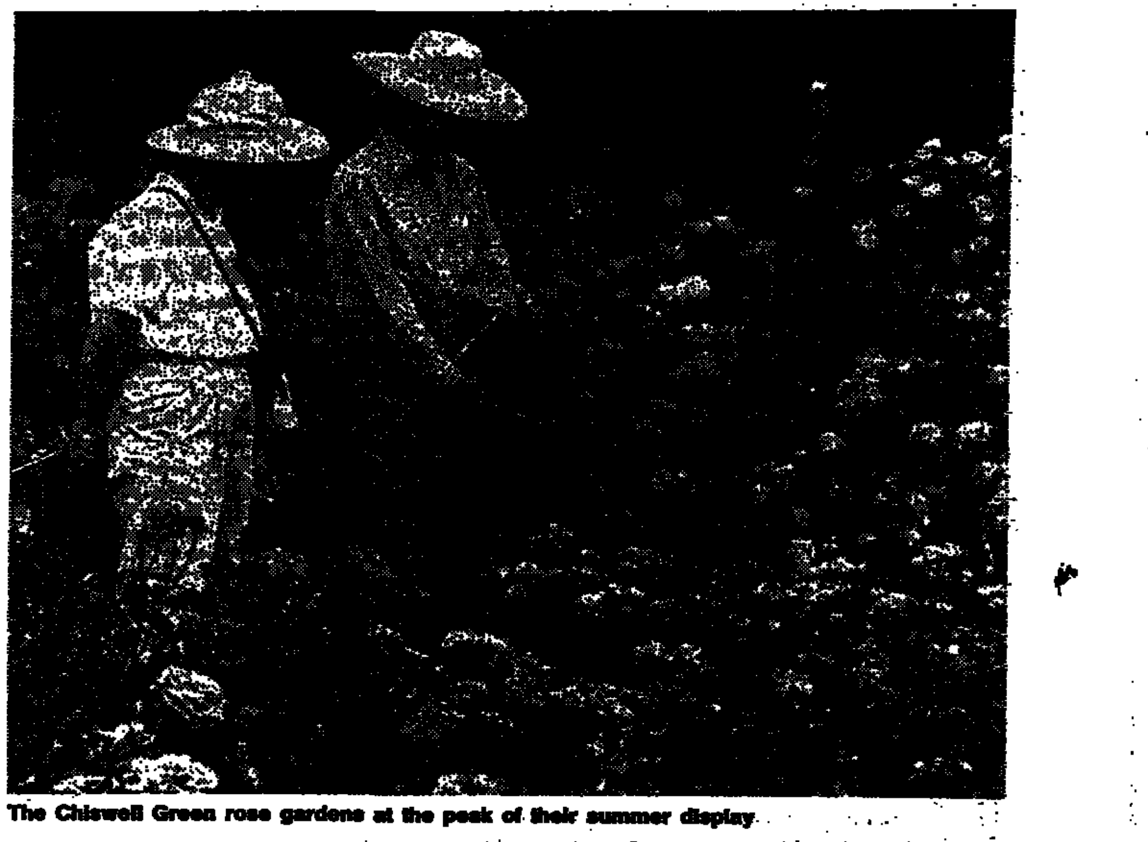
plants, silver filigree foliage and upright mauve verbenas, like radio-masts in a sea of contrasting colour. On a parallel vista, the long border has a few bushes of mock orange blossom, but in July there is nothing much else of significance. Hypericums and rampant blue campanulas have made too much headway in many of the smaller plantings; I disliked the specimen rock and rock-plant groupings; we all have too many weeds, but I would not wish to follow the Harlow Carr example and mulch my bare earth in open beds with straw bedding, more straw than dung. It looks very wintery in the flowering season.

Admittedly, the garden had a difficult start. The architect, William Milner, sited the entrance-gate in the oddest relationship to the garden. It is never easy to lay out a new garden in an open field, but the first 40 years have left weaknesses in designing, hedging, and plain old structure, which I hope a bold and imaginative eye might tackle. The rose garden is partly wedded to cracker-bundas in rectangular beds; an ominous section is testing strongly-coloured annual foliage plants, the stuff of tomorrow's northern roundabouts. There is a gloomy feel to the colours in the herbaceous groupings when a butter-yellow Hypericum has not forced itself into view. Tall campanulas are a washy lilac-pink, not the good sky-blue which a decent Lactiflora variety can muster for amateurs. Beside them, the Penstemons are ruby-rose garnet and stale white plumes of fluffy Aruncus Dioicus round off the effect.

I will not multiply examples, although we may all be in for visual trouble from a new form of Escholzia, called Dalli, which has scarlet flowers at the lowly height beloved by local authorities: at Harlow Carr, it is labelled with an award for 1991. It seems a pity that a major garden cannot offer visitors its own home-propagated plants, instead of buying them in and not always removing the old labels for the added value of liverwort. My main wish is to point to something quite widespread about which some keen spirits grumble, others take umbrage.

Why do so many centres of horticultural expertise show such awful visual taste? If you have tried to employ many college-trained horticulturalists, you may share the experience that in most cases it will be ornamental grass and golden spiraea before you can say Gillenia. If you can (sometimes) grow it, why can you not place it, lay it out, or make it pretty? The answer does not lie in public funding or soppy state training: we have Edinburgh Botanic Gardens, not merely Wisley; the National Trust runs Powis Castle, as well as problematic Hidcote. You can trust me to think that there is a slight conspiracy of silence. Those garden-owners who think that public horticulturalism is absolutely hideous do not say so, even if they put their names to it as patrons or event-openers. English gardens, meanwhile, are the best in the world; they certainly contain more plants, and some of them are wonderful, but we also turn a blind eye to a lot.

RLF



The Chiswell Green rose gardens at the peak of their summer display

Perfect roses on trial

ANYONE WHO wishes to gain a comprehensive understanding of the way in which rose breeding is moving in the 1990s should visit the rose trials in the Royal National Rose Society's gardens at Chiswell Green on the outskirts of St Albans, in Hertfordshire.

You will see a modern rose garden which is at the peak of summer display and in excellent condition as I saw for myself when I visited the show there earlier this month. But much as I enjoyed both show and display gardens, it was the trials that interested me most since they show developments which I regard as wholly praiseworthy.

In the past, the trials have always been dominated by Hybrid Tea and Floribunda roses, varieties bred mainly for planting quite close together in beds to created solid masses of colour or, in the case of the Hybrid Teas, for cutting.

They make bushes which tend to be flat-topped, with stems 2-3ft high. They also flower over a long period but with the biggest displays around mid-summer and early autumn. Hybrid Teas differ from Floribundas in having larger individual flowers produced in smaller clusters and, in the simplified nomenclature preferred by the Royal National Rose Society, are called Large Flowers. The Floribundas are known as Cluster Flowers.

But nurserymen and those who write about gardening seem to have found these names too prosaic and have stuck to the traditional names, although it is fair to add that "traditional" in this connection means little more than 100 years for Hybrid Tea, which was a breakaway from Hybrid Perpetual, and about 75 years for Floribunda which was an offshoot from a class of small flowered roses known as Polyantha Pompon.

It is amusing to note that the Reverend D H D'Ombrain, then secretary of the Rose Society, declared in 1876: "I would be glad to see the name Hybrid Tea expunged altogether from our list," but he changed his mind later.

For most of the intervening years, breeders have been content to go on adding hundreds of varieties to both the Hybrid Teas and the Floribundas because these were the types most in demand. Inevitably they became more and more boringly predictable since, even with wonderful flowers such as these, there is a limit to the permutations that can be produced if you bind yourself within firm definitions of plants and flowers.

I must confess that my own interest in the newcomers began to flag some years ago, but it is returning now with the appearance of so many unfamiliar varieties. My eyes lit up when I walked into the flower grounds. I gained a very different overall impression from what I had expected – roses sprawling out of the very utilitarian straight-sided beds; metal trainers set in place to support the climbing roses, many of them small climbers that would not be too demanding on space.

The rose breeders have been inventing names for their new types, not always to the satisfaction of the officials who have to enter them in the world register. But Patio Rose and Ground Cover Rose are attempts to indicate what kind of growth they make and for what purposes they could be used in the garden.

Nozomi, a charming little Miniature Climber which appeared in 1972, set one trend which has proved vey popular. Left to its own devices, Nozomi is not so much a climber as a sprawler. I saw one rose in the trial, which looked as if it must have Nozomi in its ancestry, which had converted the sprawl into a wide arch. It had the same slender stems, small leaves and clusters of small single flowers, but carmine and white in place of pale pink. It would look delightful spraying out of a tub or over the edge of a terrace.

But what intrigued me most of all was a rose in the next long bed, one just about as different from the Nozomi character as it would be possible to imagine. The stems were stiffly erect and I suppose about 3ft high. The flowers were large with many petals, and there were a lot of them packed closely in clusters, their colour ivory flushed with peach pink. It was about 5pm, the light soft and this newcomer looked lovely. But it had been a fine day. How it would stand up to rain I do not know – probably not so well, in which case it will not stand a chance of getting an award. But the grower must have thought quite a lot of it to send it in.

I should explain that roses are sent to trial under number and not even the judges, who inspect them for three consecutive years, know who raised them or sent them in. Even if they are given an award, it will be under code names which are used for international registration but are seldom the ones used for market.

This is all part of the plant rights system and no doubt the rose growers are satisfied it is the most profitable method for them. It does, however, make early publicity almost impossible for journalists.

I often hanker after the old system when I could have told readers the names of the red and white arching miniature and the rather blowsy but attractive beauty I have been going on about. The numbers would be a bore, and I confess I have already forgotten them.

A.H.

Antique day bed from The Indoor Garden Room at Stratton Audley Hall

Far from the madding crowds

Lucia van der Post finds a more leisurely, civilised way to shop

IF YOU'RE tired of shops, of the crowds and the metropolitan buzz that surrounds most of them, it is comforting to know that there are other infinitely more beguiling ways to indulge in that ancient leisure activity known as shopping. In fine houses up and down the UK enterprising owners have turned some corner of their home into a shop-cum-gallery. There, in beautiful surroundings, those who are interested can indulge in a little gentle perusal of sculpture, garden furniture, pictures, crafts or a great deal else, all unhurried by time, unpressed by crowds.

Madeleine Ponsonby, for instance, has been the brave and enterprising owner, inspiration and manager of the New Art Centre in London's Sloane Street ever since she started it some 30 years ago now. In her day she was a pioneer – Sloane Street then was the heart of all that was traditional, and modern art was not what the Sloanes of the day were accustomed to. Now, the New Art Centre is a vital part of the contemporary art scene and as it grew Madeleine Ponsonby became aware that many artists were producing fine sculptures that really couldn't be seen at their best in Sloane Street.

She then hit on the idea of using the garden of her country home, Roche Court, in Wiltshire, as an outdoor gallery. Now on Saturdays and Sundays between 11 am and 5 pm, from May until the end of September, those who have it in mind to buy a piece of garden sculpture can wander round, enjoying the delights of the surroundings as well as pondering their choice in peace and quiet. Everything on display is 20th century – no baroque fantasies or Renaissance figures in sight – and some very fine work and very grand names indeed (like Reg Butlor) are there. Prices start at £800 and for Reg Butler's exultant lady you would have to find £130,000. Photographed here (top right) is The Traveller by George Kennethson, who does nothing but stone carvings and always uses English stone, some of it extremely rare. The Traveller has been carved from Clipsham stone and costs £8,000.

Roche Court Sculpture Garden is at East Winterslow, near Salisbury, Wiltshire and the telephone number is 0980-862204.

Over at Stratton Audley in Oxfordshire, Nessa O'Neill has turned a converted stable block in the grounds of her home, Stratton Audley Hall, into a charming light-filled room in which she displays her collection of special pieces for conservatories or gardens. The room looks out over a courtyard with a swimming-pool and against a wall there is some of her specially commissioned treillage, locally-made out of one piece of wood which gives it a unique sturdy, almost architectural quality. The treillage can be ordered in almost any size or shape and can be painted any colour. Nessa O'Neill's is the place to go if you are looking for anything really special or one-off in the way of furniture or accessories for a conservatory or indoor flower-filled room.

Nessa O'Neill discovered that she loved everything to do with houses and interior design when she and her husband bought the grand and lovely Stratton Audley Hall. While supervising the transformation of her own home she realised there was a dearth of truly fine pieces for conservatories and so she began to seek out charming pieces. Now she not only sells these genuine antiques but she is also starting a small collection of faithful copies of some of the more enchanting things she comes across.

For instance, she has encouraged local forges to make a range of reproduction wirework pieces – there is a copy of a Regency sofa that sells for £1,100 as well as some circular and semi-circular Regency style plant stands. There's a very desirable bold candelabra as well as old, comfortable wicker chairs and a rare old rope sofa.

If you're just looking for something small and not too expensive there are old terracotta pots and a constant selection of antique gardening books. This is, however, an exclusive, small-scale operation – almost everything Nessa O'Neill sells is unique and not cheap. The Indoor Garden Room operates by appointment only – telephone 08697-8256. Stratton Audley Hall is at Stratton Audley in Oxfordshire.

Barnsley House is famous among the green-fingered set and its owner, Rosemary Verey, is revered not only for the creation of the garden itself but for her books and gardening lore that have inspired fellow gardeners through the year. Besides visiting the gardens at Barnsley House visitors can now see and buy a selection of garden furniture and accessories, all with the Barnsley House imprimature of "good taste."

There are some splendidly plain and sturdy teak tables, chairs and benches. There is the Winterthur collection of wrought-iron furniture, all based on original designs that are now part of the Du Pont collection housed at the Winterthur Museum in Delaware. There is a decorative Chandos seat made in teak or mahogany which can be left plain or painted either brilliant white or very dark green. There's a fine Iroko curved seat and, of course, Charles Verey's own designs which he will always do to special commission.

Those who prefer antiques to anything new-fangled and modern should visit the Denzil Verey's Antiques section at Barnsley House, where there is a constantly changing selection of antiques and country furniture. Look out, too, for Andrew Broughton-Tompkins ceramic ware – lots of jardinières, bowls, vases and planters.

Those who can make it to Barnsley House will find it at Cirencester, Gloucester (telephone 0285-74561) where it is open from Monday to Friday from 9.30 am to 5.30 pm and on Saturdays from 10 am to 1 pm. Those who can't make it can always write for the mail order catalogue.

James Ferguson

The Winterthur Plant stand, £415, and Butterfly chair, £225, from Barnsley House

The Traveller (above right), carved by George Kennethson, £8,000 at Roche Court Sculpture Garden (above left)

Cookery

Northern delights

THE NORWEGIANS are wizards at *food* preservation, an art born of the need to hoard supplies against the harsh winters that cloak the country in darkness for months of the year. The taste for the salt of preservation is in their blood: in the course of a recent visit I encountered herrings, salmon and other fish cured, pickled and smoked in goodness knows how many ways, and all manner of cured and dried meats and sausages, including bear, seal, horse, reindeer and moose.

Norway is a country of contrasts. Just as black winters are offset by summers when darkness scarcely falls so the love of salt-preserved foods is matched by an equal joy taken in fresh foods of impeccable quality cooked in the simplest ways. Poached fish with boiled potatoes, melted butter and cucumber salad would seem to be a national dish. If that sounds a little dull, I can only say I found it admirably pure and refreshing in its lack of elaboration.

The choice of vegetables is restricted given the tough winters, but just as the Scots seem happy to depend on neeps and kail so the Norwegians are proud of their potatoes, kohlrabi and cabbage. They enjoy a profusion of wild berries in summer and autumn: wild raspberry, rowanberry, wood strawberry, bilberry, blackberry, juniper, lingonberry (like mini cranberry) and the honeyed amber-yellow cloudberry. The thriving dairy industry produces ripened butter, lovely extra-thick soured cream for cooking, kefir and other cool cultured variations on buttermilk and yoghurt. Above all else the fish (both wild and farmed) is splendid and there is a fine choice of game, which plays a much more important role in the diet than butcher's meat.

There is a directness of style, an unfussy quality about traditional Norwegian cooking that I find very appealing. To show off the ingredients, rather than show off the cook, is always a laudable aim and makes even more sense when the ingredients are the freshest and best of their kind. Here are a few of the recipes my trip yielded. A second helping will follow next week.

JARLSBERG WAFERS

I have only once before found anything good to say about microwave ovens (their usefulness in peeling chestnuts). Constance Holtan of the The Norwegian Dairy Association in Oslo taught me a second clever trick. Among her recipes were some pretty little biscuits which I admired but said I feared were complicated to make and bake. I was happy to be disillusioned.

To make them she simply cut some Jarlsberg cheese into ⅓ in dice, spaced them well apart and microwaved them for one minute on high. The cheese spreads into lacy rounds as it melts and cools to

a crisp when removed from the oven. An instant savoury snack to serve with pre-dinner drinks.

SALMON SOUP WITH CHIVES

Serves four.

The highlight of the trip was a visit to Lom, which lies in a lush narrow valley where the thundering river is fed by melting snow from surrounding mountains. The air is exhilarating, the wild flowers a delight and there is a magnificent stave church. The Fossheim Turist Hotell is modest enough, but you should not miss the warm welcome of owner Sven Garmo or the cooking of Arne Brimi.

Brimi is a remarkable young chef. His dishes are rooted in the ingredients and traditions of the region but the accent is on his own delectably light innovations. He feasted us on delicately smoked reindeer tongue; a sauté of sweetbreads with hazelnuts and salad leaves aromatically dressed with chokecherry vinegar and orange; an intensely flavoured clear salmon soup spiked with tarragon; a woody juniper and brown sugar sorbet; reindeer fillet lusciously sauced and served with two sorts of mushroom, Hamburg parsley root and potatoes with lovage; and a gratin of raspberries, cloudberries and lingonberries.

Here is another treat by Arne Brimi, which I quote from his book *A Taste of Norway*, published by the Norwegian University Press.

8 thin slices of salmon fillet, weighing about 2 oz each; 1 pt 8 fl oz fish broth; the juice of half a lemon; 3½ fl oz white wine; 1 tablespoon unsalted butter; ½ teaspoon cornflour; 2 teaspoons salt; 6 tablespoons chives.

Remove any skin and bones from the salmon. Trim so that all slices are about the same size. Steam until just done, 1 to 2 minutes depending on thickness. Season the broth with lemon juice and white wine. Beat in the butter. Stir the cornflour into 2 teaspoons of water and add to the soup. This prevents the butter from separating from the broth. Salt to taste. Pour into four warmed bowls. Add the salmon and chives and serve.

ESCALOPES OF SALMON WITH MELISSA OR SORREL

Serves four

This elegant recipe comes, with very minor adaptations, from Willy Wyssenbach. He uses melissa (lemon balm). I suggest sorrel as an alternative and I find it best to stabilise the sauce and thicken it lightly with a little cornflour. Wyssenbach is chef at the Continental Hotel in Oslo, which has been owned and run by the same family for four generations. The first floor dining room, has an air of slightly solemn grandeur. The service is old-fashioned except that it is done mainly by young women.

Silver plated cloches are lifted in unison to reveal simultaneously a tableful of diners' entrées. On the ground floor is the hotel's famous "theater cafeen," traditional haunt of artists and writers and the most animated corner of Oslo I saw. The menu offers such dishes as a warm casserole of mussels; poached halibut with parsley butter and cucumber salad; poached salmon with sandefjord butter and cucumber salad; and fillet of mackerel with fresh spinach and champagne sauce.

8 escalopes of salmon, weighing 2 oz each; 8 fl oz each of fish stock, dry white wine and sweet white wine; half a piece of star anise; 3 oz chilled unsalted butter, cut into dice; 1 oz lemon balm leaves, blanched, drained and shredded finely (or 1 oz raw sorrel leaves cut into ribbony shreds); 1 lime, thinly sliced; about ½ teaspoon cornflour.

Simmer the stock and white wines with the star anise until reduced to a scant 8 fl oz. Discard the spice and whisk in the cold butter a little at a time. Add half a teaspoon or so of cornflour creamed to a paste with a splash of water, and bring to the boil, stirring. Season, add the slices of lime and keep the sauce warm.

Season the salmon with salt and pepper and fry it quickly and lightly in a non-stick pan. Lay the cooked fish on a warmed serving dish or on four dinner plates. Remove the slices of lime from the sauce and stir in the prepared lemon balm or sorrel. Pour the sauce over the salmon, garnish with the lime and serve.

■ The gremlins crept in to my recipe for Papeton d'aubergines in last week's column. This makes a lovely first course for four people, but it should be made with 1¼ lb of aubergines, not 4¼ lb as was printed. The ingrediants are as follows: 1½ lb aubergines; 1 small onion; about 4 tablespoons olive oil; 1 garlic clove, crushed; 1 sprig thyme; 3 eggs; 4 tablespoons milk. Sauce – 1 small onion; 1 tablespoon olive oil; ½ oz butter; 1 x 14 oz tin of tomatoes; ½ teaspoon sugar.

Philippa Davenport

Gardening by the book

IF YOU HAVE ever moved house and found yourself faced with a lot of dubious-looking plants and no idea of what they're called, let alone what should be done with them, then you might think of calling in Garden Log.

Garden Log offers a splendid service to those who have either inherited a garden they know little about or have one of their own that has got out of control.

They will visit your garden, test the soil, tag the plants, tell you how to care for them, how to prune them and finally draw up a personalised action plan. They then present all this information to you in your very own nicely bound book with a fine photograph of the garden to boot.

An unsolicited testimonial from one of their customers tells me that she thinks it would make the most wonderful present to any new home-owner. The price obviously depends upon the service, the size and complexity of the garden but to do a small London garden would cost about £50.

For more information or an appointment ring Ned Trier on 071-228-9672 or write to Garden Log, Freepost, London SW11 4 BR (no stamp needed).

■ Green fingers are not given to us all and even those so blessed sometimes find themselves short of time – which is where Fines Herbes, another of Ned Trier's enterprises, could help. Fines Herbes will deliver to the house (free in London, carriage extra outside) a selection of planted pots. I can scarcely think of a nicer present than a terracotta bowl filled with sweet-scented basil, fragrant thyme, rosemary, chives and parsley (£22, including delivery, in the London area); or a pot filled with nothing but thickly-growing parsley (also £22); or Cotswold stone or terracotta windowboxes planted with sweet-smelling silvery plants (£49.50); or, when winter comes, a terracotta pot filled with winter herbs like silver thyme, golden thyme, winter savory, red sage and parsley (£49.50).

There is also a selection of fruit and ornamental trees – apple, pear, cherry, peach, quince, crab-apple, flowering cherry and whitebeam – which can be ordered either ready for planting or in their own terracotta pots (£45 in a pot and complete with water meter, a care leaflet, engraved label and holder; £40 without the pot but including a tree stake, ties, care leaflet, planting instructions and the engraved label and holder).

For more details write to: Fines Herbes, Freepost, London SW11 4BR. Tel. 071-228-9672.

L.v.d.P.

MOTORING

Tempra takes on the elite

Fiat Tempra saloon: a great mover on steep, winding Welsh roads and heading for Britain's showrooms in September

VERSIONS OF Fiat's Tempra saloon with a choice of five engines will reach British showrooms at the beginning of September at prices likely to range from £8,500 to £12,000.

The lowest priced Tempras have 1.4 and 1.6 litre carburetted engines. The highest performing model has a 1.8 litre fuel injected engine (also used in the Lancia Dedra) and there are two 1.9 litre diesels, one of them turbocharged.

Tempra is up against perennial best-sellers such as the Ford Sierra and Vauxhall Cavalier as well as the Peugeot 405 and forthcoming Nissan Bluebird replacement.

Apart from the promise of very competitive prices and cheap servicing, Fiat claims for the Tempra class-leading aerodynamics, unmatched corrosion protection, top ride comfort, lots of goodies as standard and impressive interior space.

In mid-Wales last week I tried two Tempras, first a turbo-diesel and then the entry model 1.6. The turbo-diesel (probable price £11,000 plus) had lots of pulling power from 2,000 rpm and over. It was a great goer on the steep, winding and blissfully uncrowded roads in Powys, where the scenery must must be one of Britain's best-kept secrets.

It felt solidly built, with German-firm seats and suspension, a precise five-speed gearshift and responsive power-assisted steering. The turbo-diesel

Plenty of power, solidly built and the promise of competitive prices

engine, which develops 92 horsepower at 4,100 rpm, pulled hard over a wide speed range and, except when idling, ran with almost a petrol engine's silence and smoothness. Every external panel of the Tempra's body is made from galvanised steel. Very sensibly, the rear seats fold to form a flat load floor.

Future Tempras, it is said, will include an estate, a 16-valve engined high performance model and one or more four-wheel drives.

S.M.

The danger of 'free' insurance

Stuart Marshall on a promotional weapon which could backfire

AS NEW car sales decline, the makers and importers are oiling their promotional weapons to maintain market share.

Straightforward price discounts and zero interest finance are one thing, but throwing in a "free" insurance package is another, says the Institute of Insurance Brokers.

It fears that removing traditional insurance constraints (it means the penal high premiums charged for fast cars owned by young drivers) will cause more accidents and lead to bad debts. The institute's director general, Andrew Paddick, estimates more than 100,000 motor policies will be cancelled in mid-term, many by young drivers trading-up to hot batchbacks with vivid acceleration and 120 mph (193 kmh) top speeds. Other cancellations will be by older motorists with poor claims records.

The AA is also concerned about the implications of

'Underwriting sense has gone completely out of the window'

"free" insurance for one year as part of a new car purchase package. Young drivers, the AA's Noel Privett points out, have one-sixth of all driving licences but account for one-quarter of all road accidents.

Removing the traditional hurdle of very high insurance premiums will, Privett fears, encourage young drivers to buy high performance cars that are "incompatible with their ability and experience".

There is no such things as "free" insurance, he says. The offer means responsible motorists will subsidise drivers who are greater accident risks.

According to Paddick, the institute has had many reports of cancelled policies in the past few days. "Underwriting sense has gone completely out of the window. Some insurers tying up with motor manufacturers are accepting large risks in an effort to get more direct business on their books."

As an example, a 17-year-old buying a new Ford XR2i on hire purchase could have a full year's insurance free of charge, though the premium would usually be at least £2,000. And the 60 per cent no claims bonus being offered on renewal a year later would normally take four years to build up.

Paddick points out that most underwriters agree motor insurance, written on a properly calculated basis, is underrated by at least 15 per cent.

Insurers buying in business just for cash flow would suffer crippling losses next year as interest rates fell and claims became due for settlement.

Already in Belfast, youngsters who have been persuaded by package deals to buy "hot rods" have found they cannot renew the premiums. They risk falling into debt and being black-listed by insurers for the rest of their lives.

The institute is taking the matter up with the Minister of Transport.

The Renault 21 2L Turbo Quadra: potent, nicely mannered, with an excellent ride

Renault's image deserves a boost

FIAT DOMINATES its Italian home market and Renault is the major player in France. However, although they have been selling cars in Britain since long before the Second World War, both are well down the import league table here.

Last year, 88,111 Renaults and 70,173 Fiats were registered in the UK. Small beer, really, compared with relative upstarts among importers such as Peugeot (138,958 registrations), Nissan (138,437) and Audi-VW (127,744)

To be fair, many of the Nissan and Peugeot cars sold here are now assembled in Britain using a large and growing proportion of British, or at any rate EC, components. But imports of fully built Nissans and Peugeots are still larger than Fiat's or Renault's total British sales.

It's hard to say exactly why. True, Renault had some dogs in its range in the not too distant past.

The 9 was as dull as ditchwater and the 11 hatchback which evolved from it was not much better. But both have been succeeded by the much more attractive 19. All other present models, from the 5 to 25, are either being radically revised or will be replaced in the next two or three years.

Fiat still suffers in Britain, however unjustly, from a reputation for poor corrosion resistance and paint problems. Even the Tipo, which is as carefully rustproofed as any

***Stuart Marshall** finds himself won over by the covetable Quadra.*

comparable car and better than most of them, has never really taken off in Britain as Fiat thought it would. It was, after all, chosen as European Car of the Year for 1988. But two new-to-Britain Renaults (21 Turbo 2L Quadra and 21 Savanna 4x4 Estate) and the new Fiat Tempra (Tipo's booted saloon derivative) which I tried earlier this month deserve to do well. They seemed to me desirable – and, in the case of the Turbo Quadra, covetable – cars.

The Turbo Quadra made the biggest impression because I thought it was like Ford's eye-opening Sierra Cosworth 4x4 with a French accent. It is not as powerful as the Ford, with 175 against 220 horsepower. Even so, the claimed maximum speed is 138 mph (222 kmh), which should be more than enough for anyone, and it covers a standing kilometre in under half a minute.

What impressed me most when I tried it in Scotland was its delightful manners, confident handling and vivid acceleration without wheelspin on wet roads. It rode most comfortably, too. The Michelin MXV2 ultra low profile, high-speed tyres were as remarkable for their traction and cornering grip as for their quiet shock absorbency on poor surfaces.

Normally, 65 per cent of the Quadra engine's power goes to the front wheels, 35 to the rear but this changes automatically according to road conditions. Anti-lock brakes are standard.

At £20,785 the 21 2L Turbo Quadra is £2,100 dearer than the front-wheel drive 21 Turbo but more than £5,000 cheaper than the Ford Sierra RS Cosworth 4x4.

The Quadra's list price includes soft leather upholstery; power steering; electric windows, door mirrors and sunroof; remote control central locking and a 6-speaker stereo.

Renault uses a much simpler, selectable four-wheel drive transmission on the Savanna Estate because its only purpose is to increase traction when really needed on, say, a snowy hill or when crossing a muddy paddock. In normal conditions, only the front wheels are driven.

With four-wheel drive engaged by turning a knob on the fascia, the Savanna coped sure-footedly with muddy forest tracks.

For even more traction, another turn of the knob locks the rear differential.

On the road, the Savanna 4x4 is a roomy, smooth-riding family car. It has a 2-litre, fuel injected engine, power steering, electric front windows and remotely controlled central locking. The price: £14,580.

■ A computer that could not read halves changed the figure in my recent piece on smaller engined business cars. The norm for director-level should have read 2.5 litres (not 2 litres) and over, and from 1.8 to 2.5 litres for middle to senior managers.

The literary life of the 'Affable Hawk'

THESE MEMOIRS of Desmond MacCarthy and his wife, Molly, are written by his grandson and his wife, Mirabel; much of the material is garnered from family archives. The dust-jacket displayed a confused photo-montage of many faces, half-recognised as if at some huge cocktail party. Is it Julian Grenfell in the centre? No, Theodore Llellen-Davies, but you have guessed correctly if you find Lady Diana Cooper hidden under a flower-pot hat. This cover indicates the huge cast-list of the book; but its core is pure Bloomsbury, for Mrs MacCarthy was a cousin of Vanessa and Virginia Stephen, and Desmond MacCarthy friend of all since Cambridge days. As such, the dust-jacket bears a pre-publication puff by Quentin Bell which demonstrates Bloomsbury loyalty to the third generation.

Desmond MacCarthy was famous as a literary and dramatic critic, and later as a broadcaster. From 1920 to 1929 he wrote a weekly column under the pseudonym of "Affable Hawk" for the *New Statesman*. In 1928 he succeeded Sir Edmund Gosse as chief literary critic at the *Sunday Times*, which post he held until his death in 1952. His style of writing was accessible, Edwardian, very courteous, and bland as sole in a creamy sauce. He was so kind he refused to review books he disliked. He had the reputation of an eminent man of letters, but lacked the discipline to write a serious book; this loss was regretted by his friends as much as himself: "In his way he was the most talented of us all," said Virginia Woolf.

MacCarthy was born in 1877. In 1905 he married the daughter of Frank Warre-Cornish, the much-loved vice-provost of Eton. Desmond had no career but literary ambition. It all seemed idyllically happy for the young couple; the bride's mother planted a garden of blue-and-white flowers for the wedding party. Henry James was a guest, and Molly and Desmond embarked on life, like the Owl and the Pussycat, with hardly more than a £5 note.

By 1910 they were established in a house in Wellington Square, Chelsea, with their family of three children. They had chosen not to live with the "Bloomsberries," as Molly named them. The rent of their house was £30 a year, but the financial strain had already begun. "Your own earnings this year were from 1st January to 30th August £125. We can't go on fooling through life like this. I love you always, but am utterly unstrung by care," wrote Molly to her husband.

Desmond had rapidly become a social star, invited for his sympathetic, merry, sometimes magical talk. His fecklessness was another charm. "He never answered letters, he never kept appointments – when last he came to dinner, he never went away, and nobody wanted him to go," reminisced Lord Esher. Whilst her husband dined out every night, Molly stayed at home; by 35 she had become almost wholly deaf. Hearing-aids were rudimentary, and, after abandoning an ear-trumpet, she substituted a "deaf box," which was placed on the table.

Solitude was made unbearable by Desmond's infidelities. He led a bache-

CLEVER HEARTS: DESMOND AND MOLLY MACCARTHY – A BIOGRAPHY
by Hugh and Mirabel Cecil
Gollantz £18.95, 320 pages

lor life, with, as his wife said, "a passion for women in silk and velvet." On the evening of the outbreak of the Great War, he and Irene Noel picnicked off sandwiches and cider by the Serpentine; Armistice night was celebrated with Lady Cynthia Asquith in Trafalgar Square. A later love, Betsy Reyneau, monopolised a decade. Molly was miserable and not silent; once, when asked to lunch *à deux* by Enid Bagnold, Desmond telephoned to say he was bringing Molly: "We're in the middle of a row, and we cannot finish."

One's heart goes out to Molly. All the onus of the household was on her shoulders, even to dealing with bailiffs sent in by the Revenue. Courageously, she tried to earn a little money by writing a novel and a volume of reminiscences. In 1920 she founded the Memoir Club. Members included E.M. Forster, Bertrand Russell, Roger Fry, Duncan Grant and Virginia Woolf, who read a paper entitled "Is Desmond a Snob?" The meetings were so enjoyable they were continued for 30 years. What a good subject for a book this would be.

The authors have established Desmond and Molly as characters on the literary stage of their day, at a time when it abounded with stars. The text enfolds a glittering throng, though, alas, the photographs are meagre.

Jane Abdy

A photograph of the Grand Duke Michael Alexandrovich, left, brother of Czar Nicholas II, next to the Countess of Brassova, from the book 'St Petersburg: Portrait of an Imperial City' by Boris Ometev and John Stuart (Cassell, £29.95)

Good servants of the Raj

IN BRITAIN the Raj nostalgia continues unabated. While the British have a vigorous sense of history, the Indians are supremely indifferent and historical amnesia is a national failing. The Raj is evoked or damned with such selective opportunism that no historian can yet write about the Indo-British encounter with objectivity.

These two adulatory but sound books on two Victorian servants of the Raj can only have limited appeal. Both Lawrence and Mayo came from Ireland. Henry Lawrence spent all his working life in India: he was mortally wounded in the siege of Lucknow during the great Indian revolt in 1857. He was 51. Mayo, when appointed Viceroy by Disraeli in 1869, was a little known 46-year-old Irish peer, the Sixth Earl of Mayo, and had been Chief Secretary of Ireland and a successful Master of the Kildare Hunt.

Sir John Lawrence is the great grandson of Sir Henry Lawrence. Henry was one of 12 children of Lt.Col. Alexander Lawrence (1762-1835). Of the 12, four became Generals, including Henry. John became Viceroy and Governor-General, the only civilian ever to hold that great post. Henry came out to India as a boy of 16 and rose steadily up the ladder through sheer hard work. He caught malaria in Burma

LAWRENCE OF LUCKNOW
by John Lawrence
Hodder & Stoughton £20, 276 pages

MAYO: DISRAELI'S VICEROY
by George Pottinger
Michael Russell £15.95, 224 pages

and never enjoyed robust health. He was an austere, taciturn, deeply but quietly religious individual and earned fame as an administrator in the Punjab after the disintegration of the Empire of Maharaja Ranjit Singh. His brother John was also serving in the Punjab; the work the two brothers did – irrigation schemes, road building – endures to this day. Although the two brothers did not always see eye to eye, the author deals with their brittle relationship judiciously.

Henry Lawrence was, in many ways, ahead of his times in advocating the promotion of Indians to higher positions. His advice was not heeded and the Viceroy, Lord Dalhousie, thought Henry a bit of an insubordinate nuisance. But Henry Lawrence was right, and the arrogant and impetuous Dalhousie wrong. Henry anticipated the 1857 revolt but could do nothing to prevent it. He got to Oudh too late.

John Lawrence's book displays a genuine understanding of India past and present. His overview of the Indo-British encounter is shrewd and sympathetic; "Anglo-India history is very interesting in itself, but more then that, both its defects and its achievements have consequences which will influence the development of humanity far into the future."

George Pottinger's book is neatly written and fills a gap in the history of British India: no book has been written on Mayo in the last 100 years. His tenure was cruelly cut short when a convict in the Andaman Islands assassinated him in 1872. Today Mayo is remembered in India not for his agricultural reforms or his forward foreign policy or his astute handling of the Indian Princes, but for something which only gets a brief mention in this book. Mayo College, Ajmer, is his lasting monument and today is one of India's leading public schools. I spent five hilarious years there. We were 104 boys from Princely India: the servants numbered over 500; teachers were selected for their tact rather than for their academic distinction. I have every reason to thank Mayo for those five years; but Mr Pottinger goes a bit overboard when he includes him among the very great Viceroys.

K. Natwah-Singh

Monster in pince-nez

IT CAN be no easy job writing a life of a monster like Himmler; first there is the sheer weight of evidence, much of it conflicting; then there is the temptation to be prurient, to wallow in the never ending lists of brutal deaths, tortures and grotesque scientific experiments as they were observed behind those impassive *pince-nez*. Mr Padfield has convincingly sifted the evidence while steering clear of the pitfalls. His is a black biography, as black as the uniforms of Himmler's praetorian guard, the SS.

Here is the ugly story of the inadequate son of a Bavarian headmaster who wants to be a soldier and never quite makes it. His pathetic reading was increasingly made up of half digested pseudo-Darwinian tracts which the young Heinrich annotated methodically, showing the same pedantic punctiliousness as his schoolmaster father. Between 1919 and 1934, Himmler read 270 such racialist, soupy German-historical, recriminatory books to fuel his weird and profoundly dangerous *Weltanschauung*.

Padfield finds both Nietzsche and Prussia at fault, which is unfair. He gives no evidence that Himmler, any more than Hitler, read Nietzsche in anything more than digest form. As for Prussian influence, that too was at one or more remove, a romanticisation of struggle which appealed so much to the young Ernst Jünger. And Himmler did not trust the Prussians: the day he took over the Prussian Political Police, now become the Gestapo, he replaced all important staff with fellow Bavarians.

If there is a major fault in Padfield's grim account, it is his over-reliance on the extreme left of German historiography as the basis of his views. This is demonstrated early on, when he reduces the Night of the Long Knives to a struggle between light and heavy industry. He virtually writes off the conservative opposition which had no regard for Weimar's constitution and were happy to see democracy swamped by the brown hordes of 1933.

His contempt for the right wing resisters leads him to condemn many who are generally held to be on the "good side." He is possibly right to make Military Intelligence chief Canaris, who wept at Heydrich's funeral, a man with a greater love of Nazism than has been suggested. The head of the Criminal Police, Arthur Nebe, has always been an enigma, a resister who also headed a bloody *einsatzkommando* in the east. Padfield even doubts his death at the hands of the Nazi hangman with Carl Langbehn. I fear he has erred. Langbehn had ingratiated himself with Himmler after meeting him through his infant daughter. The authority

HIMMLER: REICHSFUHRER SS
by Peter Padfield
Macmillan £17.95, 656 pages

he thereby received allowed him to liberate prisoners from "protective custody." Langbehn believed that Himmler could be "used" for resistance ends. When Himmler learned of this the reprisals were characteristically savage. His neighbour, Peter Bielenberg, watched him being taken from interrogation. He had been so badly disfigured by torture he was virtually unrecognisable. Mr Padfield ignores this.

Himmler's flirtation with the resistance was bound to compromise their intentions, something which most of them knew and this is why they refused to have anything to do with him. How much he knew is an open question.

Himmler could be capable of surprising acts of humanity, if that is the word. In September 1944, his all-powerful masseur Felix Kersten was able to secure the release of 27 priests through his "magic fingers." Himmler had not wholly forgotten his youthful dedication to the Church: "When I am dead, will these priests also pray for my soul?" he asked.

His futile attempts to transform his image in the last months of the war reminds one of Macbeth: "I am in blood/ Stepp'd in so far that, should I wade no more,/ Returning were as tedious as go o'er." This is a grippingly repulsive tale.

Giles Macdonogh

Fiction

Closely observed families

ROSETTA LOY'S chronicle of a farming family in northern Italy during the 19th century needs to be read slowly to appreciate the unfolding of its intricate tapestry, its sensitivity to history, its sensuality. *The Dust Roads of Monferrato* follows three generations through wars, epidemics, floods; through marriages, childbirth, adultery. The Great Masten, who makes his fortune from catering to soldiers during the Napoleonic wars, leaves a legacy of land, livestock and a hastily built farmhouse to his two sons, one a golden-haired artistic dreamer who dies young, and the other a fierce, practical man who saves the farm from ruin. These two strands of character run through the family whose wealth and power fluctuate with the social and political upheavals in Italy.

Loy relates this ambitious history with its large cast of characters almost effortlessly. Though there are some stock figures, we are intrigued by the majestic Bastianiana who paints herons and ducks and bullies everyone else when she becomes a nun; Luis, who enchants women with his wild dancing; Matelda who never marries because the man she wanted chose her sister, who embroiders her passions into brilliant vestments for the church. It is difficult to isolate themes in this novel, for it is the very texture of life with which Loy is concerned, the balance of personalities, of births and

THE DUST ROADS OF MONFERRATO
by Rosetta Loy, translated by William Weaver
Collin £13.95, 250 pages

JOURNEY TO ROME
by Alberto Moravia, translated by Tim Parks
Secker & Warburg £12.95, 220 pages

PENELOPE'S ISLAND
by James McNeish
Hodder & Stoughton £13.95, 303 pages

deaths, of fruitfulness and famines.

Albert Moravia's *Journey to Rome* is an odd tale of sexual perversity among the Italian middle classes. A young man travels from Paris to see his father for the first time in 15 years. He calls himself a poet but has never written a line. He declares that his one weakness is his openness to experience, yet he has always kept himself from any romantic involvement. With this capacity for self-deception he is easily caught up in quasi-incestuous relationships with two older women, both of whom substitute for his dead mother.

Moravia's tale is more amusing than shocking; none of the characters escape his mockery, neither the son who does not see how much he shares his father's vanity, nor the teacher he meets on the plane who treats him like a recalcitrant pupil while at the same time encouraging his advances. The predicament of the young man is interesting but doesn't arouse our sympathy. The father decribes himself as a puppeteer but it is Moravia we sense pulling the strings. While we appreciate his dexterity, we remain with him behind the curtains watching his puppets perform in a carefully worked comedy of manners.

New Caledonia, once a penal colony, now one of the last outposts of the French empire, is an enchanted island of rainforests and hundreds of species of orchids. But it is also the setting for a bloody struggle between the indigenous Kanaks and the descendants of the French settlers and convicts. In *Penelope's Island*, both the author and his eponymous heroine take the side of the Kanaks. Yet Penelope understands the fierce pride and the isolation of the French inhabitants caught between two countries, for she has always been an outsider. She escaped from Hungary to Britain during the war and after the breakup of her marriage has travelled all over the world taking photographs. When she marries Felix, one of the fourth generation of French farmers on the island, she finds herself torn between her natural sympathies for the underdog and the interests of her husband.

McNeish bases his book on the actual events leading up to the

Rosetta Loy: ambitious

Kanak insurrection of 1984. It's very much a political novel, written to highlight the injustices perpetrated by the French authorities, the brutal murders committed by the farmers and the continued oppression of the Kanaks. Penelope is more a narrator – McNeish's mouthpiece – than a heroine in her own right; but the other characters, the eccentric Felix, the mysterious Baptiste, the brutal Picot family are all closely observed. The strange beauty of the island as much as McNeish's righteous anger at the turn of events make this a compelling story.

Wendy Brandmark

Up to mischief with June

THIS BRILLIANT book is full of mannerisms. The blurbs on the endpapers are facetious (although an accurate guide to the kind of book it is). The boards have "Hello" and "Goodbye" in big gold lettering on front and back, and bear a swarm of golden wasps. An illustration of a wasp ends many of the chapters, all of which begin with a sketch (by the author) of the relevant main character inserted into the initial large capital letter. Paragraphing is unorthodox, typesetting also (it was done by the author's own Dog and Bone company), and typography is expressive to the extent that a character with a very small voice is assigned very small print (like the gnat in *Alice Through The Looking Glass*). While the accents of the book's Glaswegian characters (the majority) are barely registered orthographically (just a few hasnaes and cannaes), the rendering of Queen's English is out and out phonetic. Thus Ethel, the hilarious liberal headmistress: "My small numba of gels lets me enshaw nobody suffas or is bullied during what can be a very difficult and highly formative few ylas."

If at first some of these mannerisms seem to speak of a certain tackiness, one quickly realises that one is encountering a "total" book in the tradition of Rabelais and Sterne. Everything in it or on it has a meaning, not least the wasps. Authorial mischief is everywhere, and seems to be consummated in the last chapter. An Epilogue, it actually continues the story, or at least offers a discarded continuation of an earlier version of the story. Entitled "Critic-Fuel," it in fact provides a wholly satisfactory account of how the book came to be written, and firm answers for anyone who wants to know what the book is "about."

The book is a kind of experimental novel, with a nod towards the fiction of Kathy Acker (who is named in the epilogue), but so sure of itself that the experiment, succeeding, is no longer an experiment. Admirably self-described, *Some-*

SOMETHING LEATHER
by Alasdair Gray
Jonathan Cape £12.95, 252 pages

thing Leather is altogether admirable. We are told on the jacket that the text "combines the amenities of a novel with the varieties of a short story collection" and that is exactly what it does. What the book, or at any rate the "novel" in it, is about is just as described in the Epilogue: the essentially positive consequences – habit-breaking, character-building – for a modest conventional woman (June) of being forced to dress in leather by a group of three lesbians and participate in a sado-masochistic orgy with them.

The novel, beginning with June on an expedition in Glasgow to buy something leather, tantalisingly leaves the orgy to the end, and in the intervening chapters, which represent multiple beginnings to the main narrative, traces the sexual history of the four women and the path that leads them to their meeting and its emancipations. But those chapters are also narratives in their own right (some adapted from the author's radio and TV plays), always illuminating one or other of the main characters but introducing (as the blurb again rightly points out) a Chaucerian diversity of secondary ones. Novel and short story collection do not entirely coalesce – the narrative about the making of "new June" does not strictly require all the episodes – nor are they meant to. The one supports the other in a way that recalls the structure of *The Canterbury Tales*, and enables the author to realise his further intention (*vide* "Critic-Fuel") of creating a spectrum of British social life during a period, 1963-1989, plagued, as he sees it, by extremes of personal wealth and poverty.

The book's success is as remarkable as it is unlikely. Each of the social "types" is a memorable character with a living speech, when it might have expected that some, at least, in a work of this brevity, would be merely sketches, merely types. The author flirts outrageously with pornography yet never succumbs to it quite: what might have been pure fantasy scenes are saved by his sureness of voice and many a rawly truthful observation. He is as truthful about fantasy as he is truthful to it, recognising its fundamental role in our lives. He is truthful altogether, but at the same time a splendid story-teller, in command of a vivid and vigorous prose. His book is touching, bracing, and very funny.

Paul Driver

Ancient Mariner of the movies

THE TITLE is a misnomer. Writing about the Hustons is not like writing about the Brontes or the Fondas or the Caesars. In all these dynasties distinction is a shared commodity. With the Hustons, there was only one Huston: the tall, vatic, glittering John, cinema's answer to the Ancient Mariner. History may yet pencil in actress daughter Anjelica as boldly. It may even revalue actor father Walter: a theatre star of yesterday remembered today only as the mad cackler of *The Treasure of the Sierra Madre*. But such reassessments are for the future. Today the family thunder is stolen almost entirely by the man who made *The Maltese Falcon* and *The African Queen*, *Moby Dick* and *Prizzi's Honour*. And John Huston also steals a good 95 percent of Lawrence Grobel's 800-page biography of the clan.

"Good," mind you, is not quite the word. If Huston was a gifted film-maker, he was also on this evidence (much of it new and fascinating) a wastrel, an egotist and a man of unpredictable cruelties. He persecuted the frail Montgomery Clift while shooting *Freud*; he treated his wives like emotional punchballs; and when asked to name the greatest single satisfaction he had in directing movies, he replied "Sadism."

Huston was presented, thinly

THE HUSTONS
by Lawrence Grobel
Bloomsbury £20, 803 pages

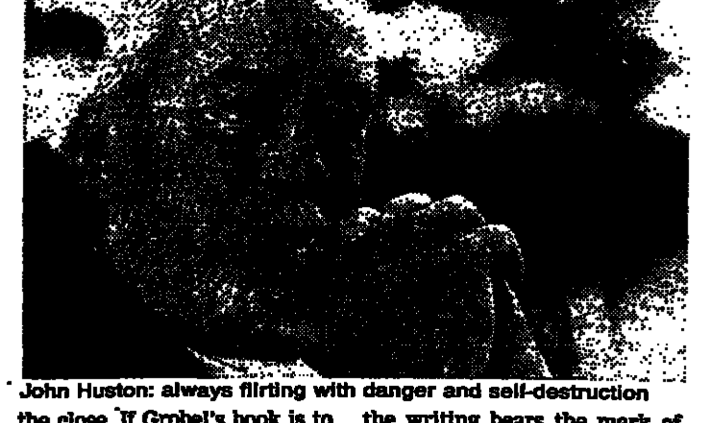
fictionalised but richly plausible, in Peter Viertel's novel *White Hunter, Black Heart*. Viertel's memories of Huston at work on *The African Queen* are corroborated by every witness in Grobel's book. The mad director, fancying himself a big-game hunter, abandoned cast, crew and cameras for days on end while trying to bag an elephant. But the story is not complete without its ending: Huston, for all his behavioural vagaries, still made a movie that was a popular masterpiece.

The shocking thing about this man is that one cannot help loving him. If he was a scoundrel, he was a heroic one. His life, like Othello's, was full of "hair's-breadth 'scapes in the imminent deadly breach." Misdiagnosed as terminally ill when a child, he almost died from the ensuing medical treatment. His death-obsessed mother scrawled diaries riddled with graveyard fantasies about "slimy nightworms" and "dandelions . . . tangled with my intestines." And throughout his life Huston would flirt with danger and self-destruction: as gambler, fighter, drinker, hunter, horse-rider, amateur pilot.

The other Huston family members scramble to get into the picture, but even when they do they make little impression. Only father Walter, gifted scion of a Scots-Irish clan who settled in Canada, has some of the mischief we see in John. He bounced from vaudeville to "legit" theatre and bestrode Broadway in the 1920s and '30s: notably in *Dodsworth* and *Desire Under The Elms*. Walter, one feels, played a pocket-battleship James Tyrone to son John's Edmund in their very own production of *Long Day's Journey Into Night*.

But unlike O'Neill's blood-bonded clan, who never escaped their emotional interdependence, the Hustons could and did. The book's final chapters – or rather early ones, since we begin with John Huston's end – are an astonishing flurry of travel and confusion. The dying John, who was dying of emphysema for 20 years but never took the trouble to lie down, flies about the map from Hollywood to Mexico. His children – actress Anjelica, screenwriter Tony (*The Dead*) and director Danny (*Mr North*) – doggedly follow. But there is no sense of emotional pain or familial heartache. More a sense that the family that makes movies together believes it will live forever: especially since 80-year-old Dad is busy pulling every available string to help his kids' careers.

Indeed if John Huston sinned and wassailed in his life, he made ample amends at



John Huston: always flirting with danger and self-destruction

the close. If Grobel's book is to be believed, his sons took over the mantle of egotism and harried poor Dad into lending his lucrative name to every project that might enhance their own names. Accompanied by oxygen cylinders and vulture reporters, John bravely battled on into old age. He was, if nothing else, a fighter. He made, if nothing else, fighting movies: even for his own children.

Lawrence Grobel has written an impressive book. At times the writing bears the mark of unseemly haste. (How else excuse the crude description of Marilyn Monroe as a "basket case"?) But for the most part the evidence is skilfully gathered and sifted: right up to Robert Mitchum's comment on his friend Huston's death, which surely sums up the old boy better than anything else in the book: "All I can say is they'd better drive a stake through his heart."

Nigel Andrews

Discordance in the music schools

Antony Thorncroft reports on the proposed merger of two London colleges

THE PRINCE and Princess of Wales do not share the same musical tastes: he favours Verdi, she prefers Phil Collins. But there is one musical matter that they could fruitfully discuss over the marmalade at the moment – the future of London's two leading music colleges, the Royal College and the Royal Academy. He is a great supporter of the former, of which his grandmother, the Queen Mother, is the active President, while the Princess fills a similar job at the Academy. And suddenly the independent future of both institutions is in doubt.

Last year the Polytechnics and Colleges Funding Council took over as paymaster for the three London music colleges (the third is Trinity, while the fourth main one, the Guildhall, is happily funded by the City of London). Quite naturally the Council wanted to examine its clients, and almost inevitably the Review Committee, under the chairmanship of Lord Gowrie, came up with a pistol to the head solution which would save money: the College and the Academy should merge. If they do not agree to this plan they can expect diminishing grants from the PCFC. In the meantime Trinity decided to flee the capital for the less competitive environment of Bristol.

Of course the Committee was not quite so blatant. It speaks of a new London Conservatoire combining the best of both colleges, with fewer students overall – down to around 800 – but each individually better funded. It actually states "we are against a conventional merger which inevitably leads to the take-over of one institution by the other." But since it is not prepared to put up the millions required to build a new home for the "Conservatoire" (the King Cross re-development would have provided the ideal site) the result would be an unsatisfactory fudge which to all intents and purposes would be a forced merger.

And it would be a disaster. It might seem sensible for the colleges to pull together certain activities which are currently duplicated to tedium. The College could be the centre for early music, for example, with perhaps the Academy looking after organ instruction. In opera, far and away the most expensive and cumbersome area of teaching, there is scope for savings: the College could handle post graduate work while the Academy trains the younger students. The College is also having some success letting out its new Britten Theatre for commercial bookings. This could be energetically pursued and student performances concentrated at the Academy.

But these are pipe-dreams because the unavoidable, and rather unfortunate, fact is that the College and the Academy just cannot work in harmony together. They are both proud of their century old traditions; proud of their work. They have roughly the same annual turnover – around £3.5m of which something over £2m comes from PCFC grants. They attract students of equal talent (most apply to both colleges); and in equal numbers – each has a student role just in excess of 500. They are entrenched, rather conservative, institutions in attractive if outdated central London premises a few miles apart in space – and a few million years in sympathy.

The Royal Academy has pulled down the shutters. It has made a brief public statement welcoming the Committee's proposals and will work out a detailed reply before the September deadline. Perhaps it has accepted the inevitable and wants to be in the strongest possible position if a forced marriage is inevitable.

The Royal College has been more open. Its director, Michael Gough Matthews, will prepare a response which is as positive as possible, accepting some reduction in student numbers, supporting joint projects with the Academy where feasible, in opera, or composition, or in minority areas. But he does not see how flautists can be adequately instructed on a site away from string players; singers apart from pianists. He also maintains that joint projects with the Academy have been mooted in the past, in the area of opera for example, but have always failed to gel – and he does not hold the College to blame for the breakdowns.

It does seem as if the Review Committee has come up with the easy, obvious, answer on cursory evidence. It spent less than a day visiting the institutions, and the members of the Committee, however distinguished, had little accumulated knowledge of the workings of the colleges. It suggested that the two institutions did not prepare students adequately for orchestral life yet, among the leading orchestras, the Royal College alone is currently providing 26 members of the Philharmonia, 27 to the LPO, and 24 to the BBC Symphony. The Report draws attention to the financial problems of the colleges, but these have largely been caused by reductions in funding, in real terms, through Government cuts.

And both have succeeded fairly well in raising outside money from the business world, (the Royal College has just brought in £400,000 for scholarships to commemorate the Queen Mother's 90th Birthday), and this source of income would dramatically fall if they lost their independence.

A purpose built Conservatoire, with every modern facility, on the lines of the new Paris Conservatoire, could revitalise music training in London. A botched job, forced on two antagonistic institutions, with the promise of generous funding for acceptance and hard times for rejection, is hardly an appealing option.

More research and more time should be allowed to explore alternatives. Both institutions are already developing links with other academic colleges – the Academy with Kings, London, the College with Imperial. Savings could be made by reducing numbers slightly, although so far there has been no falling off in talented young musicians applying for places. They could both learn from the experiences of the Guildhall School, which has been successful in attracting foreign students, and in broadening out its teaching to emphasise the role of musicians in the community – working in prisons, hospices, and schools as well as in concert halls.

It would be a tragedy if two respected institutions, which have nurtured the musical heritage of the nation with some success, and at little cost, for so many years, should be lightly cut down to serve a short-term managerial fashion. Perhaps the Prince and the Princess can come up with a better solution.


The Royal College of Music and the Royal Academy: a merger would prove disastrous, not harmonious

Rogan Coles

Maureen Lipman auctioning the works of art under the eye of Peter Batkin of Sotheby's

Trees fall under the hammer to raise a forest

ONE BY one, the trees fell under the hammer. On Thursday evening, the exhibition *My Favourite Tree*, sponsored by the *Financial Times*, was up for auction. Outside, the London planes and flowering limes sweltered in the heat. In the cool white interior of the Imagination Gallery's prize-winning headquarters, cool heads surveyed for the last time the prints, paintings, and photographs, which had all week long attracted a steady stream of visitors to the Imagination gallery.

As reported last Saturday, *My Favourite Tree* was an exhibition of the work of some fifty well-known professional artists, photographers, and celebrities. Together, the well-attended exhibition and auction raised over £14,000, all the proceeds being donated to the Countryside and Forestry Commissions' project to create the East of London Community Forest.

It was a good week for Imagination, winners of the Royal Fine Art Commission/Sunday Times building of the year award, and a good week for the *FT*, acclaimed as the "greenest" newspaper by Friends of the Earth for its 65 per cent recycled content. Bidders were oiled to reach for their cheque books by liberal applications of pink Laurent Perrier champagne.

Sir Derek Barbour, chairman of the Countryside Commission, and the actress Maureen Lipman, took turns as auctioneers. Sir Derek addressed his audience in tones reminiscent of a P.E. master, and Miss Lipman wooed, wisecracked, and self-mocked. Under the latter, proceedings had a certain zaniness, but kept sufficiently on target not to bring discredit on Sotheby's, which provided the free tuition in mastering the complexities of auctioneering.

So what did the customers buy? True to the general perception of *FT* readers, buyers proceeded with ponderous caution. On the whole, they preferred representational trees to abstract, watercolours to photographs (unless there was a whiff of royalty in the air), and stouthearted native trees to the whimsical or figurative. Above all, they seem to have decided that, whether for investment purposes or social cachet, it was best to put their money into the big celebrity names.

No one will be surprised to hear that H.R.H.'s lithograph, "Wensleydale from Moorcock," donated by two patrons, exceeded expectations and went for £3,200.

Sir Geoffrey Howe's photographic idyll of a walk across the park at Chevening was the surprise success of the evening. Estimated at a mere £150, in the event it raised £500.

During the course of the exhibition, the public donated over 500 trees for the East London Forest, a donation of £5 being the notional sum given to planting a tree on the project.

Patricia Morison

Radio

Drama plays with ideas

THE MENACE of Friday the 13th was annulled by the start of a BBC Tom Stoppard season, opening with an excellent Radio 3 production of *Rosencrantz and Guildenstern Are Dead* under John Tydeman. Yesterday came *Night and Day*, the play about reporters at a revolution in an imaginary African country.

I liked it more than when I saw it on the stage in 1978. It is almost Shavian in its blend of dramatic excitement with invigorating thought. A.B. Walkley wrote that when criticising a play of ideas, you should not only treat of the author's ideas, but also consider if any other ideas will meet the situation. I have no space for such an ambitious scheme, but luckily Stoppard presents his contrasted ideas side by side.

Tough reporter Dick Wagner (Stratford Johns) thinks any behaviour, social or moral, will pass to get his story into his paper, even taking advantage of Ruth, a woman he has spent one casual night with, because he knows there is a handy telex in her house in Africa. One thing is out, though, disloyalty to the union, and Jake (Adam Godley), blacked for scabbing, has moved to Africa and filed an important despatch to Dick's paper as a freelance. Jake wants total press freedom.

Ruth (Penelope Wilton) is married to Geoff Carson, a copper magnate (Edward de Souza), and now falls for Jake. She is ruled by her emotions, and confides their nature aloud, as in O'Neill's *Strange Interlude*. Unlike Jake, she believes the reporter is more important than his copy. The play's climax has a midnight appointment between ruling President Mageeba (John Adewole) and the rebel leader at Carson's house, which Dick gatecrashes.

The rebel does not show up, for Jake, who should have delivered the President's message, is killed in unexpected gunfire. "Jake died for the women's page," Ruth laments, "the crossword, the racing, the beauty queen." But he died in vain. His copy, filed on Carson's telex, was blacked by the union.

The excellent direction was by Gordon House. Next week, Stoppard's *Albert's Bridge* on Thursday on Radio 4, and the following week, they will give the Havelesque *Professional Foul* on Monday evening and a double-bill of short plays on Tuesday afternoon.

Of the Giles Cooper repeats, *By Where the Old Shed Used to Be* was the one I most wanted to hear again. I had heard it before, read the script and helped get it an award, and still found it one of the most interestingly unorthodox plays for a long time – a variation on the Cinderella theme, less romantic than Perrault, more cruel than Grimm.

Sarah (Siobhan Redmond) is so badly treated by her stepsisters Louise and Adelaide (Tilly Vosburgh and Miranda Richardson), who want to cut out her vocal cords, that she goes to work in a dubious cabaret in the Harbour, hoping for a life with William, but hoping also for revenge. The author, Craig Warner, is a 26-year-old American. If he means to go on writing radio stuff like this, he must stay this side of the ocean. Andy Jordan was his brilliant director.

Last Saturday's *Critics' Forum* was the last, after 16 years, for producer Philip French is to leave the BBC to spend more time with his family. We had *The Critics* before this for a decade or so, produced by Lorna Moore; and next comes *Third Opinion*, to cover the arts more widely and on a less metropolitan brief. The presenter will be Christopher Cook, chairman of the last *Forum* or two, whom I think I have heard say "drawring." Devotees will happily accept the change after a routine letter to Chris Dunkley's *Feedback*.

One art unlikely to be covered in *Third Opinion* is perfumery, though we were told in the *Magic Moments* piece about after-shave (Radio 4, Wednesday) that it is like music. We played through the movements from Old Spice to skin foods, but then one lady admitted that women like the smell of male sweat. Radion washing-powder must find a new advertising angle.

B.A. Young

Saleroom

A month in the country

WHILE SOTHEBY'S and Christie's prepare to pack their bags and quit London for their long recuperative break the smaller auction houses, Phillips, and to a lesser extent Bonhams, battle on. In fact August can be a busy month, with tourists making good the shortage of holidaying dealers.

In the regions it is very much business as usual and a quick trawl around three Phillips salerooms in south east England gives a re-assuring corrective to the media view that auction houses only deal with million pound lots, looted antiquities, and record prices.

The Phillips salerooms at Sevenoaks, Guildford and Dorchester share the same unhappy history. They were all briefly owned by the Prudential, which acquired around 20 regional auction houses almost absent mindedly as part of its ill fated expansion into the estate agency world in the late 1980s. The Pru flirted with the idea of becoming a force in the art market but fell out with many of the staff of its acquisitions and last year was relieved to sell off what remained to Phillips, which in its turn has done some quiet culling – peripheral salerooms like Weston super Mare have been closed down – but now aims to build up a strong, active, chain under the Phillips banner.

Its main task is to promote the brand name locally and to offer a consistent, reliable, service. It will still, in the short term, sell some lots (unprofitably) for £10, but aims to drop the three piece suites, the refrigerators, the house clearance side of the business and to concentrate on decent monthly auctions which turn in over £100,000 a session.

Like all auction houses it has an ambivalent attitude to dealers. They are its main customers, accounting for well over half the business (90 per cent in areas like silver), but Phillips wants to avoid being a clearing house for dealers' unsold stock (of which there is quite a lot in this difficult trading summer for the antiques business). It is also very keen to build up private bidders, who will continue buying while the trade nurses a recession.

Hence the need to make its auctions more attractive, and worthwhile, with better, more informative catalogues and improved viewing. Its Sevenoaks operation already works smoothly, receiving as many items sent down from London for dispersal as it sends up to Phillips in Bond Street; Guildford is being turned round, both physically and psychologically; while Chichester, the sleeper with the most potential, awaits the revolution. All three salerooms service prosperous communities which means that there is plenty of supply from deceased estates – indeed the dead provide over half the lots in most auctions. The traditional country town network of solicitors, estate agents and auctioneers, working harmoniously, and profitably, in concert, still survives intact.

In most regional sales there will be a sleeper, an object wrongly catalogued and thus a potential bargain. At Guildford last week a Chinese saucer had been described as 19th century and estimated to make £100. It was actually from the 18th century and dealers bid it up to over £1,000. Phillips did not mind. It knew that the catalogue entry was off target but the lapse had been spotted; the vendor got the right price; and the dealers got the message that there might be bargains for the taking at a Phillips sale.

Provincial auctions have weathered a poor year for medium sized antique dealers (their main customers) reasonably well. Bigger problems are competition from boot sales – items such as jewellery get despatched there rather than through the saleroom – and from heirs who now hang on to family treasures for investment reasons: in the past they just wanted all the old fashioned lumber to be dumped at once.

This is a hard business in which to make a profit. In theory Phillips will take 20 per cent off any auction in profit. When this fails to cover the costs it can comfort itself with the knowledge of the good, profitable, items, at least three or four a year, which end up sold in London but arrived through a regional saleroom. There is also the publicity that comes from having the largest regional network of auction houses.

Anyone visiting a regional saleroom will be struck by the friendliness; the speed of the auctioneer, sometimes knocking out a hundred lots an hour; the lack of formality. It might retain some of the neighbourliness of the old cattle markets, but these days the objects sold can usually be accepted as totally wholesome.

Antony Thorncroft

Records

Beecham magic at work

MY GRANDMOTHER only ever went to the opera once. The work was *Aida* and the conductor Thomas Beecham. By the time she was 91 she remembered nothing else about it, except that a couple of American soldiers caused a lot of noise coming in late and the aforesaid gentleman, not at all amused, stopped the orchestra and proclaimed imperiously into the auditorium, "When *you* are ready, we will start again."

Almost everybody of a certain age has a Beecham story to tell, though as time goes on the quips will not be enough by themselves to keep the conductor's name before the public. Nor need they. His recorded legacy is substantial and if we are to have a Toscanini edition, restoring to circulation all the Italian maestro's commercial recordings, then it is entirely fitting that EMI should counter with a Beecham edition of the same scope and quality.

On record Beecham springs vividly to life – a debonair figure, mercurial and lighthearted, authoritative and impassioned. He was clearly not a man to be hurried or pushed around, for there are many passages in the recordings where he lingers wickedly to savour this or that favourite detail. I suppose the adjective you might choose to describe his performances on first hearing is "individual," and in that they immediately stand out from the general run of recordings that have appeared since.

Beecham's most famous records found their way on to CD very promptly. The *Carmen* and *La Bohème*, both with Victoria de los Angeles, are standard library performances, as are his Delius recordings. What EMI is trying to do with its "Beecham Edition" is to delve deeper into the legacy that the conductor left, searching out not only items from EMI's own archives but also rare recordings that he made for other companies or overseas.

In this opening series of seven discs there is ample opportunity to sample the Beecham magic at work. Although Chaikovsky's symphonies did not feature prominently among the conductor's day-to-day repertoire, the disc with the Fourth extracts the very essence of Beecham's skill. How daringly he allows the pace to flag in the middle of the opening movement, as he lovingly shapes all those little skirmishes in the wind; and yet, when battle is recommenced, Beecham sallies forth with horses fresh and powder-kegs recharged. The climax of the movement is engaged with rare, fighting panache.

Balakirev: *Symphony No 1; Tamara.* Royal Philharmonic Orchestra. EMI CDM 7 63375-2
Beethoven, Mendelssohn, Schubert: *Symphonies.* Royal Philharmonic Orchestra. EMI CDM 7 63398-2
Bizet, Debussy, Delibes, Fauré, Saint-Saëns: *Orchestral music.* Royal Philharmonic Orchestra/ Orchestre National de l'ORTF. EMI CDM 7 63379-2
Chaikovsky: *Symphony No 4; The Nutcracker - suite.* Royal Philharmonic Orchestra. EMI CDM 7 63380-2
Sibelius: *Symphony No 2.* **Dvořák:** *Symphony No 8.* BBC Symphony Orchestra/Royal Philharmonic Orchestra. EMI CDM 7 63399-2
Sibelius: *Symphony No 7; Orchestral works.* Royal Philharmonic Orchestra. EMI CDM 7 63400-2
Sibelius: *The Tempest; Orchestral music.* Various orchestras. EMI CDM 7 63397-2

There is nothing heavy or (heaven forbid!) Teutonic about the music-making anywhere. The sound Beecham liked to draw from an orchestra was light, luminous, clear and pointed, ideal for the French repertoire, of which he was so fond. Fauré's *Dolly Suite* and the cool languour of Debussy's *L'après-midi d'un faune* bask in its elegance, though it is surprising to find some detailed work elsewhere on this French disc sounding fussy. One never usually thinks of Beecham as a conductor who worries the music.

The disc with the three 19th-century symphonies (remarkably well filled at nearly 80 minutes) is a mixed bag. It begins well with a vital account of the opening movement of Schubert's Unfinished Symphony, the attack brilliant, the chording crisp in the best, invigorating Beecham manner. But the energy seems to flag later and the performance of Mendelssohn's *Italian* Symphony is really quite sluggardly.

Better to turn to Sibelius, where the conductor has few rivals. Two of Sibelius's sets of incidental music – *Pelléas and Mélisande* and *The Tempest* – are rightly treasured Beecham recordings. How chillingly the atmosphere of the Finnish landscape, at once desolate and bracing, purveys each of the performances on these discs. In *The Oceanides*, for example, it is fascinating to compare Beecham with Simon Rattle, EMI's favoured Sibelius interpreter of today, and see how completely the older conductor appreciates the value of every small phrase in the score. In his hands the piece seems full of incident and the music immeasurably greater.

Nevertheless, the finest achievement of the group is Sibelius's Second Symphony, taken from a live performance at the Festival Hall in 1954. The recording quality may be poor; but what intensity there is here, what urgency and risk-taking, with Beecham adding to the excitement at the end as he shouts at the orchestra to urge them on. Where other conductors find only romantic blubber, Beecham turns every line of the score into genuine musical sinew. A historic performance.

At the press conference where the "Beecham Edition" was introduced, we were warned that no more discs would be forthcoming unless this first set was given good reviews and sold well. That sounds distinctly like blackmail to me, and it should hardly be necessary. Beecham's music-making is no less valuable a tonic for the good health of his countrymen today than are the famed recuperative powders that bear his family's name.

Richard Fairman

The Orient comes to Avignon

The 'Ramayana' has taken over the festival's ancient settings, says ***Anthony Curtis***

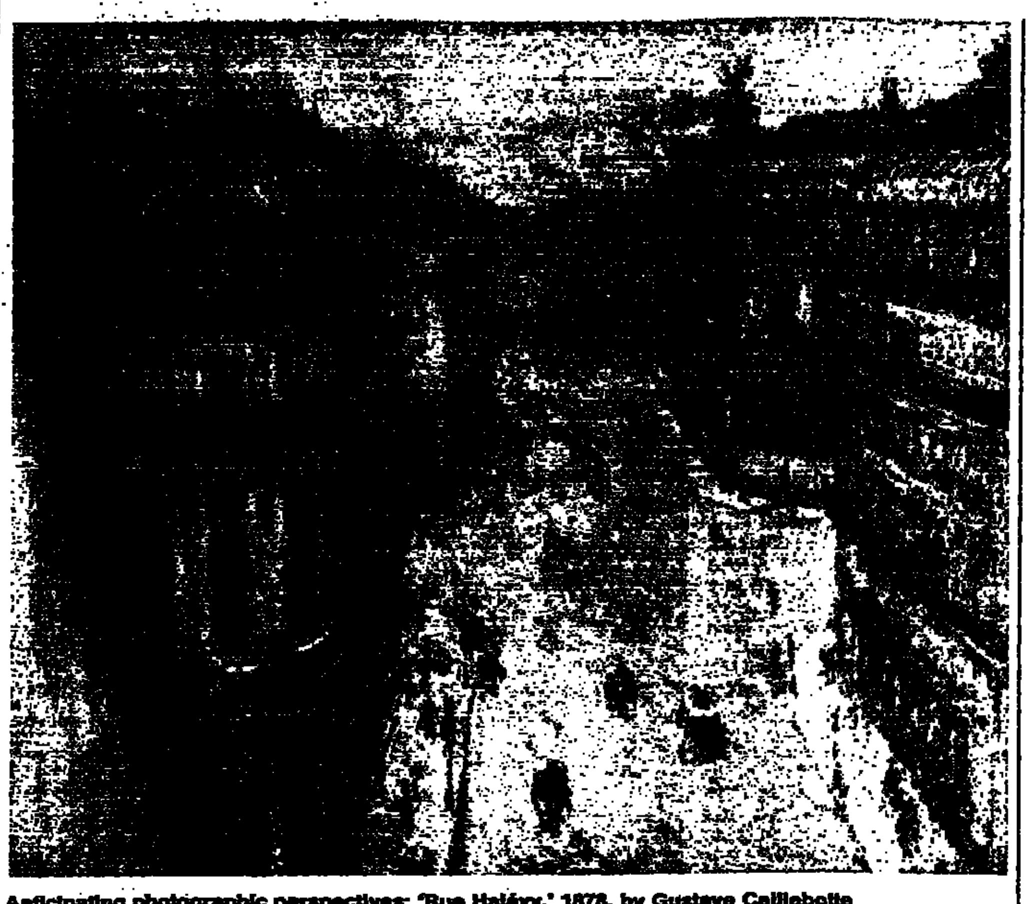
ONE OF the laudable aims of Alain Crombecque, the present director of the Avignon Festival, is that it should not become merely a venue for the theatrical art of the west. Ever since the creation here of Peter Brook's marathon version of the Indian epic *Mahabharata*, Crombecque has made a major oriental production a feature of the festival programme. This year he has gone direct to several leading companies of Asian artists to give their interpretation of the other great oriental legend, the *Ramayana*. This too is a work of immense length, telling of foiled inheritance, fratricidal quarrels, internecine war, and royal love affairs. It is an epic whose origin is lost in the mists of time, but one with which millions of people at all levels of society in the East are intimately familiar, as it is constantly being re-enacted in dance and mime, chanting and puppetry, in the market-place and on television.

It is episodes from the *Ramayana* that dominate the second half of the Avignon Festival which ends in August. Three hundred artists from India, Cambodia, Indonesia, Malaysia and Thailand now take over several of the festival's ancient settings to perform the work in a glorious array of traditional costumes and disciplined movement. The main troupe occupies the courtyard of the Papal Palace, while at the Chapel of the Penitents in Villeneuve there is an arresting display of scenes enacted by Malaysian shadow-puppets with their own orchestra, all handled by artists of the highest calibre. In Avignon in the Cloister of the Celestines talented and ferocious-looking dancers from Madras present their version; while indoors – fortunately air-conditioned – in the municipal theatre we have a more operatic treatment of the theme performed by the dancers of the Sultan's Palace in Jogjakarta, Java. It is all magnificently authentic.

Asian dancers are not, however, the only ones to be seen here this year. There is a long tradition at Avignon of dance productions by people like Merce Cunningham. This year it has taken on a new lease of life. Nadia Croquet, the Directrice of the Centre National de Danse Contemporaine d'Angers, an influential training ground and launch-pad for innovation in dance, was invited to organise the dance programme. Though I had time to sample only some of it, there was no mistaking the liveliness and dedication of the artists involved.

Most amusing were the Compagnie DCA run by Philippe Decouflé which performed, for an hour and a half non-stop, a programme called *Triton in the Cloister of the Carmelites*. The austere monastery courtyard had been fitted out to resemble a circus ring complete with high wires and trapezes. The small band in their spaceman costumes worked immensely hard to execute some brilliant parodies of acrobatic movement accompanied by dazzling displays of lighting and different kinds of music. A thoroughly enjoyable show.

Among dozens of subsidiary drama productions both at the In and the Off including versions of *Ajax* and *Prometheus Bound* I will single out just one – an autobiographical play *Un Prenon d'Archiduc* adapted by Martine Pascal from the work of the Swiss writer C-F Ramuz, and finely performed by her and Claude Guyonnet in a production by Michel Souter. There are just two people on stage throughout. The young man, based on Ramuz, is blocked on the novel he is writing, and has a compulsion to escape from Paris back to his native Switzerland. Then there is the young woman who in the course of the evening unblocks him and eventually marries him. They are also supposed to be Jung's animus and anima but that does not matter. The dialogue, admirably acted, rings true in human terms. It was an unexpectedly absorbing aspect of this most unpredictable of festivals.



Anticipating photographic perspectives: 'Rue Halévy,' 1878, by Gustave Caillebotte

Book Review

'Eureka' moments of discovery

ONE WET summer's day in the 1970s the American art historian Kirk Varnedoe made a pilgrimage to the playing fields of Rugby School to visit the spot where, in 1823, William Webb Ellis first picked up a football and ran with it, thus originating both rugby and American football. Varnedoe photographed the stone commemorating this event which changed the world of sport, bought two postcards which he smeared "with the turf of the field" and sent them to his brothers, fellow rugby enthusiasts.

Today Varnedoe, for whom rugby "ran for many years in happy parallel with the study of modern art," is Director of the Department of Painting and Sculpture at The Museum of Modern Art in New York. This account, illustrated with photographs of Rugby School and the stone commemorating Ellis's exploit, forms the opening of his introduction to *A Fine Disregard* – a metaphor for the way in which Varnedoe believes modernist art dramatically declared its independence from the past in the second half of the 19th century.

For Varnedoe, modernism still represents "the shock of the new," although he is by no means unaware of the debates around modernism and post-modernism of the last decade and a half, and indeed the aim of his book seems to be to shore up a modernist reading of art history against recent attacks. Modernist accounts of 20th century art are largely based on the narratives established by the Museum of Modern Art in New York. When MOMA opened its doors in the early 1930s under the directorship of Alfred H. Barr Jnr, it promulgated an "evolutionary" view of modern art, leading the visitor from ism to ism through carefully arranged rooms of painting and sculpture, and supplemented these with supporting publications and illustrated exhibition catalogues (a now standard technique which MOMA pioneered).

Before taking up his present position, Varnedoe was involved in organising the *'Primitivism' in 20th Century art* exhibition at MOMA, and the Houston and New York retrospective which helped to rehabilitate the reputation of that remarkable but hitherto little-known Impressionist painter, Gustave Caillebotte, on whom he later published a monograph. In *A Fine Disregard* Varnedoe draws on both these sources in what is essentially a more sophisticated restatement of a modernist position. The impact of Japanese prints and the multiple image photography of Muybridge and Marey are other sources.

A FINE DISREGARD: WHAT MAKES MODERN ART MODERN
by Kirk Varnedoe
Thames and Hudson £19.95, 316 pages

Through their interest in the art and artifacts of so-called primitive societies, Varnedoe claims that early modern artists were able to "renew" western art by re-discovering "primitive" elements in their *own* (Western) culture. He argues that Caillebotte's views from above, looking down on passers-by from his balcony on the Boulevard Haussmann, anticipated the photographic perspectives adopted by modernist photographers of the 1920s and 30s like Rodchenko, Moholy-Nagy and Kertesz, and even the paintings of Jackson Pollock. Although such points of view were clearly available to artists since men first climbed towers or peered over cliffs, they hardly ever drew or painted them, except within the conventions of architectural or technical drawing. For Varnedoe, Caillebotte's employment of these unusual viewpoints constitutes one of those "eureka" moments of discovery which he likens to William Ellis's sudden impulse to pick up the ball and run.

Varnedoe argues for what he calls a Rationalist view of art that is universal, rather than rooted in specific historical circumstances. He describes the latter view as a "Romantic notion" which "had its most sinister impact on Nazi thought" and finds this notion "equally discernible" in the "shamanistic" work of Joseph Beuys and in art "concerned with other forms of biologically based politics, like that associated with feminism." But Varnedoe ought to know that much recent feminist art and art history is a great deal more subtle and sophisticated than he implies, working from the position that gender is not simply biologically determined but also culturally and socially produced.

American abstract art was promoted in the 1950s as evidence of Western freedom and individuality. Varnedoe appears to be rehearsing a similar argument when he claims that: "Though modern art has often dreamed of a closed society, it can function only in an open one." Which is to ignore the awkward fact that modernism did quite well in Mussolini's Italy. The argument is too often at a level of generality that glosses over such problems, and based on the kind of imprecision which locates Rugby School in the north of England.

Simplicity is a basic aspect of modern art, according to Varnedoe. This common sense view runs through the book which is written in a popular, even slangy style, with its constant resort to sporting metaphors. But ultimately there is no simple answer to the question of what makes modern art modern. Modernity and its relationship to late 19th and 20th century art are complex issues which cannot be so straightforwardly and glibly explained as Varnedoe attempts to do here.

Paul Overy

Parlour games with a difference

TRIUMPHANTLY wearing its laurels from the annual theatre awards presented by the London magazine *Time Out*, the completely unfunded (and un-air conditioned) little Gate Theatre above the Prince Albert pub in Notting Hill continues its extraordinary progress through major European writing that we would not otherwise know. Its latest offering is from one of the courageously persevering Czech dissidents who kept working, thanks to the irrepressible intellectual underground, throughout the years of suppression and censorship.

The overall flavour of Ivan Klima's *Games*, with its party of adults gathering to recapture carefree innocence in an evening of parlour games, is a blend of J.B. Priestley in accusing *Inspector Calls* vein and the blacker side of Ayckbourn, with a dash (mercifully no more) of Agatha Christie thrown in.

Irena and Filip are the hosts. He is a judge, tetchily reacting to references to his past harshness, she makes nervously incomplete allusions to her own history. Their guests include a humourlessly earnest young academic sociologist, a florid, slightly bullying architect, with a blonde mini-skirted pop-singer in tow, a young athlete, an elderly wheeler-dealer tentatively bribing bureaucracy (whom Michael Medwin invests with the crocodilian benignity of George Burns) and the physicist Petr.

Typically of our time (this is Prague, 1973), the physicist calls the tune. After increasingly uncomfortable attempts at a high-jack game with the sociologist throwing himself too convincingly into the role of gun-brandishing terrorist, they try "Murder." By now things are out of hand. As one character puts it, "games reveal what we are, not what we were in childhood," and a mock trial for the actual murder of a girl student, set up in advance by the manipulative Petr, results in frightening revelations.

Things move to a grim climax with a game called "Execution," an allegory of how "the innocent by their very existence show up our imperfection," as the noose is placed round the neck of the sociologist, the volunteer victim, spectacles gleaming with detached scientific interest. All is form, ritual, convention, to which human individuality is irrelevant. Even the judge admits that justice is unattainable. The message is King Lear's: handy-dandy, a dog's obeyed in office.

Dark mid-European humour leavens the evening: the hostess, proud of her 111 salad recipes, chatting brightly as the noose tightens round an innocent neck, the dumb blonde's inane emphasis on "letting oneself go," the athlete's exercise fetish. Derek Wax, an assistant and Platform Performance director from the National, plays down the element of Georg Grosz caricature thus striking an unexpectedly Ayckbournesque note of prosaic normality holding out against hysteria. Joan Blackham's fluttery hostess, Nick Kemp's bitter judge and Hugh Simon's truculent and possibly murderous architect are particularly good.

Martin Hoyle

Scene from 'Games' by Czech dissident Ivan Klima

Patrick Kealey in 'Ivan Vasilievich' by Mikhail Bulgakov

Comic fantasy

THERE USED to be a time when the staples of the small fringe company were Bond or Orton; nowadays it is more likely to be Bulgakov or Ostrovsky. Led, one suspects, by a critical vogue for the hidden corners of European drama, young directors all over the country are scurrying to the highest and dustiest library shelves and reaching down the minor works of major writers in the knowledge that it is the surest way of securing at least a passing interest.

The problems they face are the familiar ones of translation and idiom. The Company of Clerks, a group whose nucleus appears to have evolved from the Old Vic, tackle *Ivan Vasilievich*, a 1935 comic fantasy by Mikhail Bulgakov in a style that owes much to the Vic's own recent presentations: all on the cramped studio stage at the Battersea Arts Centre is surreally enlarged and surreally skewed, reflecting Bulgakov's rejection of socialist realism.

As in *Adam and Eve*, his earlier, more obviously antagonistic work premièred last November at the Gate in Notting Hill, Bulgakov proposes fantasy as a liberation and science as the means of attaining it. In this case, within the confines of a dream, a nutty scientist (Patrick Kealey) perfects a time-travel machine which plants an officious Soviet housing officer in the court of Ivan the Terrible, while transporting the not-so-terrible king to Stalinist Moscow.

Guy Retallack's production – and the play itself – are funnier and more pertinent in their evocation of socialists adrift in a monarchy (reaching a peak of rank irreverence with a dance routine "We came, we saw, we conga'd"), than in their portrayal of a king in 1930s Russia.

While Colin Mace and Eddie Max, as harried housing officer and light-fingered thespian, take on the spectres of church and state, the encounters of poor old Ivan (Andrew Williams, sad-eyed, softly spoken and presumably wiltingly hot in his robes) are largely linguistic, limited as they are to one location – a flat – and one running gag involving a director and actress who think, with diminishing certainty, that he is one of them.

The more modern caricatures are muzzy, not so much through fault of the actors as through lack of a clear political context in scenes which are presumably intended to hold a warped mirror up to Bulgakov's world. Neither the direction, nor Lucy Daniels' translation, have the cutting edge, the comic fury needed to present a wholly convincing case for the play.

Claire Armitstead

Chess No 838:
1 ... dxc3! 2 Be5 Rxa2! so that if 3 Rxa2 c2 and the pawn queens. White tried 3 Nxc3 Rxa1+ but soon lost on material.

Greening of the opera

THE KING'S Lynn Festival has consistently made British contemporary music an important element in its profile, with a featured composer each year and a regular supply of commissions. This time the emphasis is slightly different: fewer new works, and instead the creation of an ambitious and substantial "community opera," *The Green Children*, with music by Nicola Lefanu to a text by Kevin Crossley-Holland.

The staging in St Nicholas Chapel was a collaboration with the Baylis Programme of English National Opera, who supplied some of the principal costumes, and with the performing group Gemini, whose five instrumentalists conducted by the composer provided the support for the teeming masses of performers drawn from half a dozen schools ranged right across north Norfolk.

The story of *The Green Children* is one of East Anglia's most enduring and potent folk legends; of how, in the second half of the twelfth century, two strange children, a boy and a girl, were discovered by the villagers of Woolpit in Suffolk. They were entirely green, spoke an unintelligible tongue and lived only on green beans. The boy died soon afterwards, but the girl survived, learned to speak English and to eat normal food, and progressively lost her greenness; eventually she married a man from King's Lynn and presumably lived happily ever afterwards.

Crossley-Holland tells the story faithfully, fleshing it out and realising its implications as well as arming it with a double-edged message. The villagers' attitude to the strangers, initial rejection turning to fierce protection, and the children's own sense of place and home, yearning to return to their green world at first but later finding that home has as much to do with love and friendship as with kinship and roots, both have an easily assimilated contemporary relevance. The scenario moves forward economically; the text seems sensibly singable, with sections set aside for project scenes, in which each of the participating schools create and compose their own contributions.

"The problem with community operas," a Very Important Operatic Person said to me once, "is keeping out the vegetarians." The kind of simplistic wholesomeness that he mistrusted is not entirely avoided here, but it is minimised; the moralising is neither pat nor contrived, and the ending, when the green girl Erha marries the local lad Guy and the villagers can celebrate a victory for love and renewal, skirts just the right side of unvarnished sentimentality. It could all so easily have been sickly sweet but it isn't.

So too with Lefanu's music, setting the young chorus some pleasantly demanding tasks which make economical use of imitation and underpinning it with some neat instrumental folk parodies and effects. The solo writing is more variable and veers off into *Sound of Music* sweetness at times; that jars with the robust tone of the remainder and the general sense of purposeful exuberance. *Noye's Fludde* seems a distant model, Maxwell Davies's children's pieces a closer link.

In one important sense, though, the fine detail of Lefanu's and Crossley-Holland's contributions are less important than the thoroughly workable framework they have provided for the schools and the amateur soloists (only one professional, Yvette Bonner taking the part of Erha and binding the whole thing together). The final product, directed with great imagination by Rebecca Meitlis, must have been immensely rewarding to work on; as much fun to perform as it was to behold.

Andrew Clements

Happy and glorious

A PRINCIPAL downside to being a Royal must be the Gala evenings, where you get ceremonially dipped in syrup and then licked slowly, very slowly, dry while your loyal subjects go through their old, half-remembered, routines on the stage of the London Palladium. But somehow the Queen Mother manages to bring out the best in people and the Tribute to her 90th Birthday on Thursday at the Palladium could, quite rightly, be described as glorious.

Everyone seemed to be trying. The costumes were lavish; the sets substantial; and the performers operating on all cylinders. And when they knew they were peddling rubbish – as in a cross talk act between Michael Caine and Roger Moore, who passed a tired script from hand to hand as if they were fielding a grenade, the charming professionalism of the old troupers made it somehow endearing.

There was no hiding the star of the show. The Queen Mother led "Roll out the barrel" with that mighty voiced show stopper Vera Lynn with a will, and happily sang along with Howard Keel's Broadway memories. She gave every act a rousing hand; perhaps they were all hand picked favourites?

The start had been conventional. Sir John Gielgud (it was a night for octogenarians – Sir Johns Mills was reverential, too) fantasised about the gifts five fairy godmothers brought to the baby daughter of a Scottish Earl. and then, surprise, surprise, we were ploughing through a hundred best 20th century tunes, starting with happy cockneys at the music hall.

But quality will out, and soon there was hardly a dud act. Comedy is usually the weakest link on these occasions but both Stephen Fry and Rowan Atkinson put on bravura performances, especially the latter as an Australian rabbit poisoner named Alec Guinness who was mystified at to why he had been asked to reminisce about Larry Olivier and John Gielgud. Stephen Fry told the only bluish joke and got the loudest laugh.

Simon Cadell and Patricia Hodge played the balcony scene from *Private Lives* to their usual perfection; Bernie Winters and Leslie Crowther were surprisingly spot on as Flanagan and Allen and led on the only bit of show biz sentimentality of the night – a chorus line of the living dead, old comics of Charlie Drake, Cardew Robinson vintage; Wayne Sleep pirouetted poetically; Placido Domingo and Kiri te Kanawa opened their lungs to the Heavens; and Sarah Brightman added the poignant, hushed, note as she sadly sang a Lloyd Webber song.

By the end everyone was delighted with themselves, not least the Royal guests who looked genuinely stimulated. The television transmission, on August 4, the Queen Mother's birthday, will unfortunately give only a one dimensional view of what was a deeply layered, oddly moving, and genuinely happy occasion.

Antony Thorncroft

SPORT

Golf from St Andrews: Keith Wheatley, Lauren St John and Richard Gourlay examine angles and scores from the Open championship

Pretenders struggle for the crown

SCOTLAND IS a rebuke to present-day Englishmen, writes Keith Wheatley. The world's greatest golf tournament, held on the most subtle and demanding course in existence, is an entirely public affair. Shoppers on their way home have only to glance across a low wall to see Nick Faldo putting on the 18th green.

Numberless eulogies are rolled out concerning the Old course at St Andrews at this time of year. Its history, difficulty and beguiling charm are all continually rehearsed. But surely the greatest and most surprising aspect of the venue for the 119th Open championship is its municipal ownership.

Consider Wentworth, in which 1 per cent shares went on sale last year for just over £1m apiece. Look at Augusta, where day tickets for the Masters no longer go on sale to the unbreeched but are passed down from father to son as family heirlooms. Exclusivity reigns, and matters grow worse as golf becomes more fashionable and financially successful.

But not in Scotland, where what is best remains resolutely in the public sector. Shiny new buses (owned by the council) deposit record numbers of well-educated and civil golf fans to watch the world's finest. If England's ancient foe has got things so palpably right, then what should the English conclude about the direction of their game in the past decade?

None of this, of course, concerns the player trapped in one of the links' savage and near-invisible bunkers. These hazards – newly renovated by the green-keeping staff – are so deep they appear to have been prepared for an interment.

"Those bunkers are really, really steep," cautioned Christy O'Connor Jnr after his glorious first round. "It's like Deathsville in there. Pitching back down the fairway is often the only way out."

O'Connor, currently 34th in the European tour rankings and – for all his charm – scarcely the most aggressive player on the circuit, gave a firm indication to the benign mood of the course on the opening day. After five holes he was an extraordinary three under par. The giants who came after him were in similar attacking mood. A round of 68 became the benchmark for the first day, and Australia's Greg Norman managed a six-under 66.

Fine, balmy weather was the key. Fairways are hard and fast, allowing big hitters to drive the green at the par-four 18th. "The weather now will dry it up and speed up the greens towards the end of the week," predicted Michael Bonallack, secretary of the Royal & Ancient Golf Club of St Andrews.

"What we do want is some wind – which we did not get at Troon last year – to make it more interesting for the players." Although the heatwave may be producing hot, still mornings, those who start later are facing stiff seabreezes in the afternoon.

"The wind's not strong but comes from a completely a different direction to all the practice rounds. It may confuse players who don't know the course," said six-times Open champion Tom Watson. Like many veterans, Watson's respect and affection for the cramped and antiquated Old course grows with the years.

"Knowledge of the course is critical. You must know the position of the bunkers. Anyone who doesn't is walking through a minefield."

Although it is six years since the Open was last held at St Andrews, many of the younger international players are familiar with the course through playing here at the annual Dunhill Cup. Mark Calcavecchia of the US, last year's Open champion, is regarded here as akin to a man from a Bateman cartoon. In last year's Dunhill he used a wedge on the 14th green and took a divot.

His notoriety seemed not to bother the burly, freckled champion as he strode the course with fellow countryman and soulmate Fred Couples. These two young Americans are shaping to become a New World answer to Seve Ballesteros and José Maria Olazabal of Spain. The Americans display a casual bonhomie usually only achieved by older players who have privately abandoned serious hope of a win.

In which category one must, sadly but inevitably, place Arnold Palmer. Thirty years after his first Open at St Andrews, Arnie, now aged 60, has decided that this championship will be his last. It is the end of an era and the crowd – many of them young – which dog his heels know it.

From tee to green a great vocal wall of support follows Palmer. "Arnold has meant a great deal for the Open," said Jack Nicklaus in tribute. "He got the Americans to come over and play and initiated a lot of recognition from a US and world-wide standpoint. Arnold's picked when he doesn't want to go on and that must be right."

Nicklaus certainly has more right than anyone to pronounce the valedictories. But he is now on the senior tour and the pertinent question is: who gets the crown now? Nick Faldo would be the nomination of most people.

Even if his latest chance of the improbable grand slam vanished on the 18th green of the US Open, Faldo unquestionably dominates this Open. His spectacular eagle at the 18th on Thursday set the crowd roaring and put him near the head of the leader board, but it was his imperturbable control at the other 17 holes that marked him as the bookies' favourite.

Faldo's pre-planning extended to having a new club fashioned especially for St Andrews. It was this two-wood that he played from the tee at the 18th and at the 1st, 2nd, 9th and 17th. "It's a good links club and designed particularly for St Andrews," he says.

"Halfway down the fairway I wished I had hit a driver, but if I had it would have gone into the Valley of Sin and gone 20 yards farther up." Faldo is now a big enough player to acknowledge and embrace the role of chance in this funny old game. Whether he is yet "The Man" – as Nicklaus puts it – will probably not be settled until tomorrow afternoon.

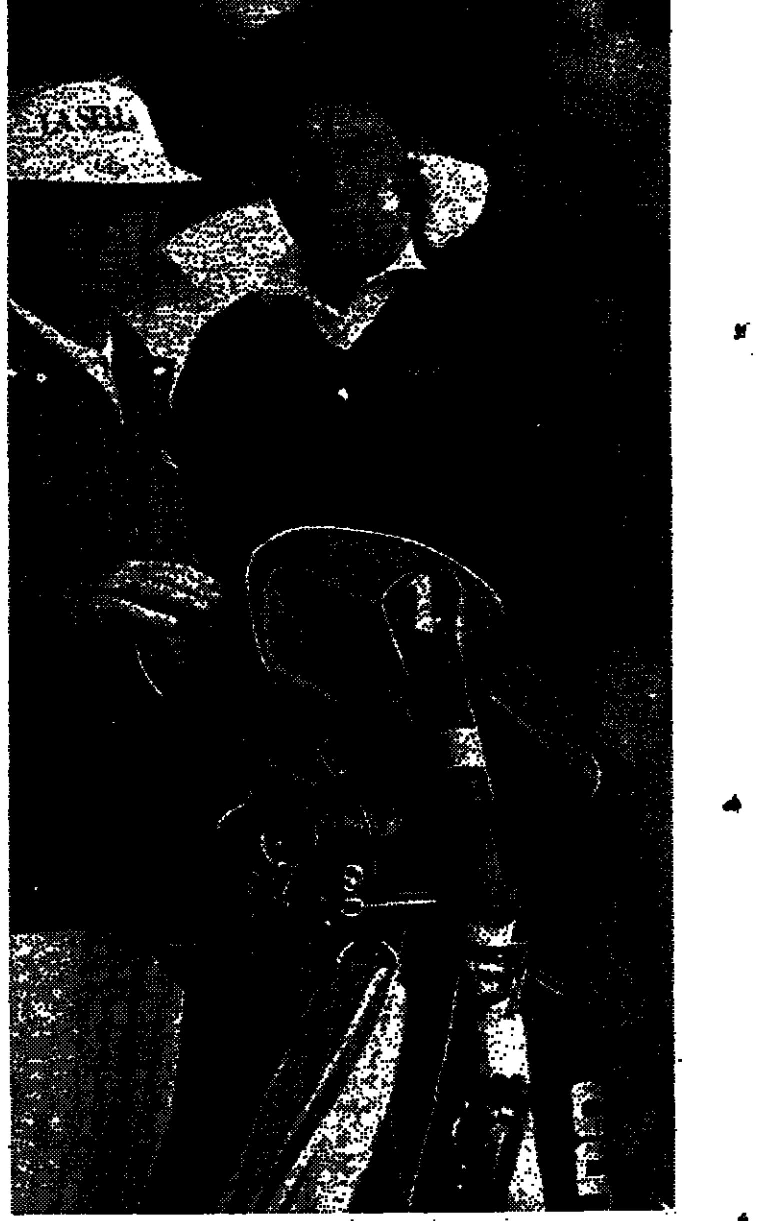
"It's something that happens when everybody in the locker room, all the players, look over and say there he is when 'The Man' comes in," said Nicklaus. "I don't think Nick yet believes he is dominant. If Faldo wins a few more times he will believe it himself and players will turn around and say: 'It is him.'"

■ Olazabal earned a glowing tribute from Nicklaus after scoring a 67 yesterday which swept him in among the Open leaders at six under par. "He can play golf," said the American. "He has knocked the flagstick down for two days, his irons are terrific and he's so positive about his game."

Olazabal, 24, has not missed a single green in regulation in 36 holes and has been let down only by his putting so far. He had 37 putts in his opening 71, missing ten times from under 10 ft, and 32 more yesterday.

"I am very impatient to get a major title; I wish I had one already," said Olazabal. He was the leading amateur at the 1985 Open and has won more than £1m in four years as a professional. Four of his five birdies yesterday were from 8 ft or less; the exception was at the 16th, where he holed from 20 ft.

At the start of the week Olazabal was pessimistic about his chances, having missed the cut at the Scottish Open. Yesterday he said: "I'm not full of confidence yet, but better. I spent the whole day on Wednesday hitting balls and found my stance was a little too open."



José Maria Olazabal: on the greens and among the leaders as his self-confidence begins to return

Stewart brightens leader board

PAYNE STEWART stood out like a beacon among the unassuming figures who assaulted the Open championship leader board during the first half of play yesterday, reports Lauren St John. Resplendent in green and yellow, the colours of the Green Bay Packers, the 34-year-old American was determined to make an impression.

And so he did, starting with a birdie at the first which took him to five-under par, finishing the second round in 68 shots for a two-day total of 136. By the fifth hole Stewart had equalled the overnight lead of six-under held by Greg Norman and Michael Allen. By the 12th tee he was eight-under, but bogeyed the easiest hole on the course, a 316-yard par four.

Stewart, who is sponsored by the National Football League in a deal worth $600,000 (£330,000) over three years, has the colours of 28 teams in his golf wardrobe. He is confident about his current form and justifiably so. In two rounds he has been in only two bunkers, an achievement of note at St Andrews.

Under overcast skies, the Old Course was benign in the extreme, and several quiet men took advantage of it. Jamie Spence, 26, from Tonbridge in Kent, with nothing to lose and much to gain, ascended the leader board as though it had footholds.

He started slowly, birdying the first but bogeying the fifth to return to level par, where he had started. Annoyed with himself, Spence decided to attack. From then on he collected seven birdies, including one at the notorious 17th. In his wake came Spain's José Maria Olazabal on 138.

Although this is his first Open championship, Spence, is surprisingly relaxed. Asked whether he thought he could win the Open, he gave a short laugh. "Win the Open? Well, it's a dream, isn't it," he said.

Sam Torrance shot a two-under-par 70 to join Olazabal, Peter Jacobsen and Jodie Mudd on 138, but it was hardly a consistent round. The Ryder Cup star had five birdies but also three bogeys, at the 2nd, 7th and 13th. Arnold Palmer, who looks certain to qualify for the last two days. He shot 71 yesterday for a level par aggregate of 144.

Hours of agony for a split second of joy

THE CRUCIAL moment of impact between a golf club in full swing and a golf ball lasts 0.00045 seconds, so that during a three-hour round an average golfer will spend less than 1/20th of a second actually influencing the ball, writes Richard Gourlay. That is four seconds a year for the two-rounds-a-week golfer; somewhat longer if your game requires attention.

Last week, about 250 physicists, mechanical engineers, kinesiologists, sports psychologists and sports philosophers journeyed to St Andrews just to talk about the game. Armed with theories on the double lever principle of golf club acceleration rates and papers on the club head moment of inertia, they met in the first World Scientific Congress of Golf. But, like all golfers, they were first and foremost on a pilgrimage to Scotland, the spiritual home of the game. Their quest: the marriage of theory and practice, of expectations with reality.

The Royal and Ancient Golf Club's Sir Robin Cater summed up the responsibility on their shoulders. "Smallpox having departed the earth," he said, "maybe scientists can now find a potion to eradicate the yips." The yips, needless to say, is the curse suffered by players even of Ian Woosnam's calibre which can best be described as "to putt, or not to putt."

Since 1968, when physicist Alistair Cochran wrote what became the standard work on golf, *In Search of the Perfect Swing*, the game has witnessed remarkable growth and a comparable injection of money. The US Golf Association now estimates that the American market could be worth more than $40bn (£22bn) a year by the turn of the century; the numbers playing are rising by 6 per cent a year, as are the number of rounds played; a new golf course will need to be built each day to meet demand. In Britain, it is estimated that between 300 and 700 new courses are needed to meet projected demand.

Even allowing for some optimism, the game's potential is enormous. It was perhaps surprising, therefore, to learn that most golf equipment manufacturers' R&D budgets remain modest relative to turnover, and equally surprising to hear a representative of the British manufacturers admit that pseudo-scientific research is often called upon to support spurious claims – usually concerning length of drive.

"I SAID I'D GIVE YOU THE BEST 0.00045 SECONDS OF YOUR LIFE."

Where, then, has science helped the modern golfer? Undoubtedly perimeter weighting – which increases the moment of inertia of the club head and thus reduces twist in the hands during a miss-hit – helps the high handicap player, but probably less so the scratch or better class amateur, according to Cochran, who is now consultant to the R&A's Implements and Balls Committee.

Improvements in materials, light composites in particular, have allowed weight to be transferred to the head where it is most effective. But the finer tolerances to which shafts can be turned appear to serve little purpose because, in spite of imaginative claims, little is known about what the shaft *does* other than connect the golfer to the club head.

The greatest breakthrough in the last 25 years came with the introduction of the two-piece ball with surlyn and balata covers, replacing the three piece gutta-percha. It followed development of new materials that avoided problems of shrinkage and restitution without losing the vital property of spin. However, none of the improvements in golf ball technology have yet ironed out the giant slices and banana hooks, which help maintain sales in the US at a cool $600m a year.

The purist fearful that technology will rob the game of its charm and character can rest assured that new materials, design and technology are making remarkably little impact on the game. Over the last 10 years the median drive length of professionals on the US tour increased by only 2 per cent – six yards to 262 yards – while the longest balls hit by a standard testing machine rose only 10 yards.

Electromyographic study of muscle movements has been equally reluctant to yield the secrets of good co-ordination and timing, and suggest that many combinations of muscle action can produce what is needed to hit a ball properly. With no disrespect to the scientists, this is blindingly apparent from an uneducated comparison of Arnold Palmer's swirling swing and Lee Trevino's sweeping drive, or from a glance at the different builds of Nick Faldo and Ian Woosnam.

As the congress found its pace, it became clear that the boffins have left the inner mysteries of the game largely undisturbed. Connoisseurs to a man and woman, they seem to prefer it that way.

All of which would be bad news for club makers if the boffins' findings were to lead us back to our grandfather's dusty jiggers and mashies and away from the golf catalogues. But as the man from Dunlop smugly reminded us, golf is mostly won and lost in the mind. For a few rounds, new equipment increases confidence and so we, the gullible punters, go on buying.

Through golf clinics, we are also buying advice on the correct mental approach. Followers of Faldo say how much more accomplished he has become since starting mind control exercises with David Leadbetter, his coach. Of course, what one risks finishing with is a golf bag full of confusing maxims, like Ben Hogan's "Good golf begins with a good grip," or the more disturbing one from Gary Wiren, author of the new coaching manual for the US Professional Golf Association: "Practice does not make perfect; practice makes permanent."

So what about the yips and the shank? According to Dr Robert Brown, sports psychologist at the San Diego Sports Medicine Center, it is to do with the limbic system, that part of the brain concerned with basic emotion, hunger and sex. As the golfer approaches the putt, the flight response gets the better of the fight response and he barely stops himself fleeing the green in terror.

What can be done? Unfortunately, pure science is descriptive, not prescriptive. Perhaps males should discuss it with their mothers, or adopt PGA tour school golfer David Ray's solution of eating a carrot on the practice green and another on the 10th tee.

More fundamentally, what drives us back to the links time and again when we know that lurking there are agony and angst? It is not good enough to blame masochism, although Dr Edmund Burglar believes we all harbour a deep-rooted need to place ourselves in positions where there is a high probability of failure. As it happens, golf provides the perfect vehicle.

According to Dr Brown, it is a case of "variable ratio reinforcement." This almost random process ensures that hackers and scratch players alike will hit one shot a game that exceeds both their expectations and their wildest dreams; they become convinced that that stroke represents their real standard of play. What a time-consuming 0.00045 seconds that particular shot becomes.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

7:30 am Playdays. 7:50 Muppet Babies. 8:15 The 8.15 from Manchester. 11:05 Film: "Captain Sinbad". 12:27 pm Weather.

12:30 Grandstand including 12:35 Golf (third round of the Open Championship at St Andrews); 1:00 News; 1:05 Golf; 2:00 Racing from Newbury; 2:05 Golf; 2:30 Racing from Newbury; 2:35 Golf; 3:00 Racing from Newbury. 3:05 Golf.

5:05 News. 5:15 Regional news; sport. 5:20 Bugs Bunny. 5:30 The 100th Royal Tournament. 6:35 'Allo 'Allo.

7:00 The Les Dennis Laughter Show. 7:30 Takeover Bid. 8:00 Miss Marple: Sleeping Murder starring Joan Hickson. 9:50 News and Sport. 10:10 Rockcliffe's Babies. 11:00 Film: "Fame". 1:10-1:15 am Weather.

BBC2

2:45 pm Mahabharat. 3:25 Animation Now. 3:30 Film: "Botany Bay" starring Alan Ladd and James Mason. 5:00 Golf: further coverage from the third round of the Open Championship at St Andrews. 6:45 Eyes on the Prize. 7:45 What the Papers Say with Peter Millar of *The European*.

8:00 Newsview. 8:45 Theatre Night: "Iphigenia at Aulis". 10:45 Golf: The Open (highlights of today's round). †11:35-1:15 am Film: "Dr Strangelove" starring Peter Sellers with Sterling Hayden and George C Scott.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Ghost Train. 11:30 The ITV Chart Show. 12:30 pm Huckleberry Finn and His Friends. 1:00 ITN News followed by National Weather. 1:05 Local News and Weather. 1:10 A Beetle Called Derek... 1:40 Coronation Street. 2:35 International Rugby: New Zealand v Australia. †3:35 "Crooks Anonymous" starring Leslie Phillips, Stanley Baxter and Julie Christie.

5:00 ITN News and Weather. 5:05 Local News. 5:15 Zorro. 5:45 Champion Blockbusters. 6:35 Stars in their Eyes. 7:05 It's Beadle. 7:35 Close to Home. 8:05 The Saint. 9:55 ITN News and Sport, followed by ITV National Weather. 10:10 Local Weather. 10:15 Pick of the Pilots. 10:45 Spitting Image. 11:15 Tour of Duty. 12:15 am "The Executioner" starring George Peppard and Joan Collins.

CHANNEL 4

7:30 am International Times. 8:00 Transworld Sport. 9:00 Channel 4 *Racing*: The Morning Line. 9:25 Australian Rules Football. 10:30 Hand in Hand. 11:00 Check Out. †11:30 Wagon Train. 12:30 pm California Off Beat. †1:00 "The Courtneys of Curzon Street" starring Anna Neagle and Michael Wilding. 2:55 Channel 4 Racing from Newmarket. 5:10 Brookside Omnibus.

6:30 Tour de France 1990. 7:00 The World This Week. 8:00 Kingdom of the Deep: Penguin Island. 9:00 thirtysomething. 10:00 The Wall - Berlin 1990: In the shadow of the Brandenburg Gate an all-star cast performs Roger Waters' *The Wall*. 12:20 am Verdict. 1:35 The Harp in the South.

S4C WALES

As Channel 4 except:
11:20 am Loads More Muck and Magic! 12:00 Sumo. 12:30 pm International Athletics: Parcelforce Games. 1:30 Europe Express. 12:00 Feature Film: "The Navigator". 7:00 Citizen 2000. 7:30 Newyddion. 7:40 Gweld Ser. 8:25 Rygbi Rhyngwladol '90: Seland Newydd v Awstralia. 9:55 *Golff*. 9:30 Short Stories.

IBA Regions as London except at the following times:-

ANGLIA

3:35 pm "Barricade" starring Raymond Massey with Ruth Roman, Dane Clark and Robert Douglas. 11:15 Starring...Jane Fonda in "Fun with Dick and Jane".

BORDER

1:40 pm The Life and Time of Grizzly Adams. 3:35 Matinee: "Made in Heaven" starring David Tomlinson and Petula Clark. 11:15 Film: "Savages" starring Andy Griffith and Sam Bottoms.

CENTRAL

12:30 pm The Champions. 3:35 "Barricade". 11:15 Alan Alda...in "The Four Seasons".

CHANNEL

12:30 pm Windsurf! 3:35 "The Bay of Saint Michel". 11:15 "The World is Full of Married Men".

GRAMPIAN

12:30 pm Am Fasach - "A' Ghlas-sheabhag". 5:10 Criomagan. 11:15 Feature Film - "The Strange and Deadly Occurence" starring Robert Stack and Vera Miles.

GRANADA

1:40 pm The Oldest Rookie. 3:35 Saturday Matinee: "The Desperate Miles". 11:15 Celebration 1525. 12:30 am "The Hanged Man" starring Edmond O'Brien and Vera Miles.

HTV

3:35 pm "The Ringer" starring Herbert Lom and Mai Zetterling. 11:15 "Deadlier than the Male" starring Richard Johnson and Elke Sommer.

SCOTTISH

12:30 pm The Campbells. 3:35 Film: "Wonder Woman" (TV Movie). 11:15 Beauty and the Beast. †12:10 am The Saturday Drive-in: "The Best Years of our Lives" starring Fredric March, Myrna Loy, Teresa Wright and Dana Andrews.

TSW

12:30 pm The South West Week. †3:35 Film: "Watch It Sailor" starring Liz Frazer and Dennis Price. 5:10 Gus Honeybun's Magic Birthdays. 11:15 Film: "The Lonely Profession" starring Dean Jagger.

TVS

12:30 pm Windsurf! 3:35 "The Bay of Saint Michel" starring Mai Zetterling and Ronald Howard.

11:15 X-rated: "The World is Full of Married Men" starring Anthony Franciosa.

TYNE TEES

1:40 pm Bullseye. 2:10 Katts and Dog. 3:35 Our Girl Friday" starring Kenneth More, Joan Collins and George Cole.

11:15 Hale and Pace. 11:45 The Forum Presents - BB King. 12:32 am "The Hanged Man" starring Edmund O'Brien and Vera Miles.

ULSTER

12:35 pm The Munsters Today. 1:40 The A-team. 3:35 Feature Film: "The Beast of Twenty Thousand Fathoms" starring Paul Christian and Paula Raymond. 11:15 UB 40 in Concert. 12:30 am Feature Film: "The Hanged Man" starring Edmond O'Brien.

YORKSHIRE

3:35 pm "Girls at Sea" starring Guy Rolfe, Ronald Shiner and John Massey. 11:15 Tour of Duty. 12:10 am ITN News Headlines followed by "The Bitch" starring Joan Collins, Kenneth Haigh, Ian Hendry and Sue Lloyd.

RADIO

(S) Stereo on FM

RADIO 2

8:05 am Ronnie Hilton with Sounds of the 50s. 9:00 Yesterday once More. Richard Carpenter plays a selection of his favourite Carpenter songs. 10:00 Saturday Club with Brian Matthew. 12:00 Gerald Harper. 1:30 pm Someone and the Grumbleweeds. 2:00 Robin Ray on Record. 3:00 Mundy on Saturday with John Mundy. 4:45 Adrian Lucas at the console of the organ in Hull City Hall. 5:00 Cinema 2.

6:30 Jazz Score. 6:00 The Gramophones in Concert featuring Graham Dalby with guest soloist Martin Loveday (violin). 7:00 Max with Love starring Max Bygraves. 7:30 Saturday Gala Night: 'Vilem Tausky - A Birthday Celebration.' 9:30 String Sound. 10:00 *Radio Two* Arts Programme with Sheridan Morley. 12:05 am Stars of the 60s with Brenda Lee. 1:00-4:00 Night Ride.

Medium Wave as above except:-
1:30-7:00 pm. Open Golf 90. The 119th Open Golf Championships at St Andrews, plus news of today's cricket matches.

RADIO 3

7:00 am Morning Concert. 8:00 News. 8:05 Violin and Piano. Yuzuko Horigome (violin) and Roger Vignoles (piano): Bach (Partita in D minor, BWV 1004), Beethoven (Sonata in D, Op 12 No 1). 9:30 Record Release. 12:05 The Schumann Piano Sonatas: Malcolm Binns plays the Sonata No 2, the Presto passionato (its original finale), and the Nachstucke Op 23. 1:00 pm News.

1:05 Words (Talk by Prof John Durant). 1:10 Last Summer in Esztergom. Recital by Jozsef Eotvos at the 1989 guitar festival). 1:45 Battles, Bells and Birds. Music by Smeltzer, Biber and Vejvanovsky played by Musica Antiqua, Cologne directed by Reinhard Goebel (violin). 2:30 Seventies Sondheim on Broadway: Mark Steyn plays the music of Stephen Sondheim's '70s musicals. (1) 'Company'. 3:45 Arditti String Quartet. Webern (Langsamer Satz), Hans Gal (Quartet No 1). 4:25 Debut: Hans-Peter and Volker Stenzl (2 pianos): Brahms (Variations on a Theme of Haydn), Ravel (La valse). 5:00 Jazz Record Requests. 5:45 Interpretations on Record: Musicologist Jeremy Beadle compares recorded interpretations of Salome in Strauss's opera.

6:45 Roseingrave and Scarlatti. Recital by Robert Woolley (harpsichord/organ). 7:30 Proms 1990: Bournemouth Symphony Orchestra conducted by Andrew Litton, with Ju Hee Suh (piano): Strauss (Till Eulenspiegel), Bax (The Happy Forest), Liszt (Piano Concerto No 2) (8:25 The Fluctuating Fortunes of Father Franck - talk by Richard Langham-Smith. 8:45 Franck (Symphony in D minor). 9:35 Anthony Payne. 'Echoes of Courtly Love: Homage to Dufay' for brass quintet. 10:15 Kenny Wheeler Big Band in concert at the Warwick Arts Centre earlier this year (11:10-11:20: interview with American trumpeter Clark Terry). 12:00-12:05 am News.

RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Fourth Column. 10:30 The Wordmaster (s). 11:00 News; The Week in Westminster. 11:30 Europhile. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather.

1:00 News. 1:10 Any Questions? 2:00 News; Any Answers? 2:30 Play: Song of the Forest (s). 3:45 Children of the Cloth (s). 4:00 Will You Still Love Me? 4:30 Science Now.

5:00 Conversation Piece. 5:25 Little Blighty on the Down (s). 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; Sports Round-up. 6:25 Citizens. Omnibus Edition (s). 7:10 Stop the Week with Robert Robinson (s). 7:45 Saturday-Night Theatre (s).

9:15 The Four Seasons (s). The Rt Hon Denis Healey MP presents a selection of records portraying the season of winter. 9:50 Ten to Ten led by Canon Colin Semper (s). 9:59 Weather. 10:00 News. 10:15 Where There's a Will. 10:45 Once Upon a Time. 11:00 The Tingle Factor (s). Peter Clayton talks about the music that sends a shiver up his spine. 11:30 Arnold Brown and Company (s). 12:00-12:30 am News.

SUNDAY

†Indicates programme in black and white

BBC1

8:55 am Playdays. 9:15 Morning Worship. 10:00 Bugs Bunny's Year. 10:20 Film: "Staying Together" (TV film). 11:55 Popeye's Premiere. 12:05 pm Sign Extra. 12:30 Country File. 1:00 News; Speaking Volumes. 1:45 The Pink Panther Show.

2:00 EastEnders. 3:00 Film: "Tim" starring Mel Gibson and Piper Laurie. 4:45 Tom and Jerry. 4:55 European Special Olympics Summer Games 1990. 5:55 Head Over Heels. 6:25 News. 6:40 Festival. 7:15 All Creatures Great and Small. 8:05 Blackadder the Third starring Rowan Atkinson.

8:35 Film: "Maxie" starring Glenn Close, Mandy Patinkin and Ruth Gordon. 10:10 News. 10:30 Heart of the Matter: 'Deliver Us from Evil.' 11:00 The Days and Nights of Molly Dodd. 11:25 You and 92. 12:00 Mahabharat (in Hindi with English subtitles). 12:40-12:45 am Weather.

BBC2

12:00 Westminster Week. 1:00 pm Ecology (an Open University case study of red grouse). 1:25 Grandstand, featuring the final round of the 119th Open Golf Championship from St Andrews. 6:30 One Man and His Dog.

7:15 Rough Guide to the World. 8:05 The Late Show. 9:05 BBC Design Awards 1990. 9:45 Golf: The Open (highlights of the final round). 10:30-12:15 am Moviedrome Film: "An American Werewolf in London" starring David Naughton, Jenny Agutter.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Disney Family Movie: "Wild Jack" (Part 2). 10:15 The Campbells. 10:45 Link. 11:00 Morning Worship...from Llandaff Cathedral, Cardiff. 12:00 Heartland. 12:30 pm The Care Bears. 12:40 Crime Monthly Update. 12:55 Local News. 1:00 ITN News, followed by national weather. 1:10 McEwans Series '90...Yacht Racing. 1:40 Starring Barbara Stanwyck: The Big Valley. 2:40 Charlie's Angels. 3:35 "The Amazing Mr Blunden" starring Laurence Naismith and Lynne Frederick. 5:30 A Kind of Living. 6:00 All Clued Up. 6:30 ITN News, followed by National Weather. 6:35 Local News. 6:40 Appeal on Behalf of ASPIRE.

6:45 Castle's in Europe. 7:15 Jimmy's. 7:45 Forever Green. 8:45 ITN News, followed by ITV National Weather. 9:00 Local weather. 9:05 Yesterday's Dreams. 11:05 Red Empire. 12:05 am "Harlequin" starring Robert Powell and David Hemmings.

CHANNEL 4

7:00 am Loads More Muck and Magic. 7:30 Once Upon a Time...Life. 8:00 Early Bird. 8:25 David the Gnome. 8:55 Ramona. 9:25 Movie Mahal. 10:30 A Week in Politics, including interview with the Arts Minister Richard Luce. 11:00 Go for it! 11:30 Elly and Jools. 12:00 The Waltons. 1:00 pm Land of the Giants. 2:00 Film: "The Seventh Veil" starring Ann Todd with James Mason, Herbert Lom, Hugh McDermott and Albert Lieven. 3:45 Home Improvements. 3:50 Haydn at Esterhaza. 4:55 The Nat King Cole Show.

5:25 News Summary and weather. 5:30 Tour de France. 6:30 The Cosby Show. 7:00 The Energy Alternative. 8:00 Beyond the Groove. 8:30 Film 4 Today: "Penda's Fen." †10:15 "Kiss Me Deadly" starring Ralph Meeker. 12:15 am Cinema from Three Continents: "Malabrigo" (In Spanish with English subtitles).

S4C WALES

As Channel 4 except:-
1:00 pm TV 101; Kangaroo Gate. 2:00 Kingdom of the Deep - Killer Whale! 3:00 Feature Film: "Billy Rose's Diamond Horseshoe." 5:00 The Wonder Years. 5:30 Flurina. 6:45 San Steffan.

7:05 O *Bedwar* Ban. 7:20 Newyddion. 7:30 Canwn McBannwn. 8:00 Hel Straeon. 8:30 Proms Cymru '90. 9:30 Golff. 10:00 Y Dyw Byw. 10:05 The Gravy Train. 11:05 Behind the Veil.

IBA Regions as London except at the following times:

ANGLIA

12:30 pm Farming Today. 1:10 Members Only. 1:40 Highway to Heaven. 2:35 "Silver Lode" starring Dan Duryea and John Payne. 4:05 Shooting Stars. 5:05 The Incredible Hulk. 12:05 am Prisoner: Cell Block H.

BORDER

12:30 pm Here Come the Double Deckers. 11:10 Film: "Blondie has Servant Trouble". 2:30 The Spectacular World of Guinness Records. 3:00 Matinee: "They Who Dare" starring Dirk Bogarde. 5:00 Coronation Street. 12:05 am Prisoner: Cell Block H.

CENTRAL

12:30 pm Gardening Time. 1:10 Contrasts. 1:40 The Spectacular World of Guinness Records. 2:05 The Life and Times of Grizzly Adams. 3:00 "Houseboat". 5:00 The A-Team. 12:05 am Prisoner: Cell Block H.

CHANNEL

12:30 pm Reflections. 12:35 Les Francais Chez-Vous. 12:50 Cyril Fletcher's TV Garden. 1:10 Huckleberry Finn and his Friends. 1:40 Just Champion. 2:10 Highway to Heaven. 3:10 A Tribute to Peter Sellers: "The Revenge of the Pink Panther." 5:00 A Kind of Living. 5:30 Trailblazers. 12:05 am The Human Factor. 12:35 The Law and Harry McGraw.

GRAMPIAN

10:45 am Here Come the Double Deckers. 11:15 Sunday Service from Govan Old Parish Church, Glasgow. 11:45 Link. 12:30 pm Jack Thompson Down Under. 1:10 Held in Trust. †1:40 Feature Film - "Sleeping Car to Trieste", starring Jean Kent and Albert Lieven. 3:30 All Clued Up. 4:00 Shinty/Hurling International: "Scotland v Ireland." 5:00 Shooting Stars. 6:00 Windsurf! 12:05 am Prisoner Cell Block H.

GRANADA

12:30 pm Granada This Week. 1:10 Celebration 1525. 3:00 Sunday Matinee: "Madame X." 4:50 Cartoon Time. 5:05 All Clued Up 5:35 Coronation Street (omnibus edition). 12:05 am Prisoner Cell Block H.

HTV

12:30 pm Looking Back. 1:10 The Time Tunnel. 2:00 Along the Cotswold Way followed by Weather for Farmers. 2:30 HTV Newsweek. 3:00 "Nine Hours to Rama" starring Horst Buchholz and Jose Ferrer. 5:30 Watching. 12:05 am *Prisoner*: Cell Block H.

HTV WALES as HTV except:-
†12:30-12:55 pm The Invisible Man. 2:00 Farming Wales followed by Weather for Farmers. 2:30-3:00 Wales on Sunday Special (Methodists in Conversation).

SCOTTISH

11:00 am Whose Fish - The Salmon? 11:30 Sunday Service, from Govan Old Parish Church, Glasgow. 12:30 pm Am Fasach. 1:10 Silk Road. 2:10 McCloud. 3:30 Motocross. 4:00 International Shinty - Scotland v. Ireland - Under 21's from Bught Park, Inverness. 5:00 Shooting Stars. 12:05 am The Blue and the Green.

TSW

12:30 pm Farming News. 1:10 Triumph of the Nomads. 2:05 Here Come the Double Deckers. 2:30 Cartoon Time followed by Gus Honeybun's Magic Birthdays. 2:40 A Tribute to Peter Sellers: "Revenge of the Pink Panther." 4:30 The Grundy 1990 UK Mountain Bike Challenge. 5:30 Coming of Age. 12:05 am Special Squad.

TVS

12:30 pm TVS News. 12:33 Agenda. 12:58 TVS Weather and Farming Weather. 1:10 Huckleberry Finn and His Friends. 1:40 Just Champion. 2:10 Highway to Heaven. 3:10 Tribute to Peter Sellers: "Revenge of the Pink Panther," starring Peter Sellers with Herbert Lom and Dyan Cannon. 5:00 A Kind of Living. 5:30 Trailblazers. 12:05 am The Human Factor. 12:35 The Law and Harry McGraw.

TYNE TEES

12:25 pm Jack Thompson Down Under. 1:10 Highway to Heaven. 12:05 "Ball of Fire" starring Gary Cooper and Barbara Stanwyck. 4:00 World of Guinness Records. 4:30 The Mountain Bike Championships. 5:35 Coronation Street (Omnibus edition). 12:05 am The Oldest Rookie.

ULSTER

12:30 pm Gardening Time. 1:10 The Match. 2:10 Rallycross. 2:40 Media Skills: Advertising. 3:05 Grundig 1990 Mountain Bike Challenge. 4:05 Just Champions. 4:35 The Best Bands in the Land. 5:05 All Clued Up. 5:35 Coronation Street. 12:05 am Prisoner: Cell Block H.

YORKSHIRE

12:25 pm The Double Deckers. 1:10 McCloud. 2:40 Tribute to Peter Sellers: "The Revenge of the Pink Panther." 4:30 Grundig 1990 UK Mountain Bike Championship. 5:30 The Spectacular World of Guinness Records. 12:05 am The Highwayman.

RADIO

(S) Stereo on FM

RADIO 2

7:30 Don MacLean says 'Good Morning Sunday'. 9:05 Richard Baker with 'Melodies for You'. 11:00 Desmond Carrington with 'Radio 2 All-Time Greats'. 2:00 pm Benny Green. 3:00 Alan Dell with 'Sounds Easy'. 4:00 BBC Concert Orchestra Showcase. 4:30 Sing Something Simple. 5:00 Alan Towers. 7:00 Brooks Aehron's Serenade. 8:00 The Kings Singers. 8:30 Sunday Half-Hour. 9:00 Alan Keith with 'Your Hundred Best Tunes'. 10:05 Radio 2 Arts Programme with Iain Johnstone. 12:05 am Robin Ray on Record. 1:00-4:00 am Night Ride.

Medium Wave as above, except:-
2:00-7:00 pm Golf: Action from the final round of the Open Championship at St Andrews, plus the latest Cricket action.

RADIO 3

7:00 am Bach's 48: Book 2 played by various artists. 7:30 News. 7:35 Music, Myth and Legend. 8:30 News. 8:35 Your Concert Choice. 10:00 Prom Talk: Michael Hall and his guest, conductor Andrew Davis, look forward to the Proms week ahead. 11:00 BBC Philharmonic with Kathryn Stott (piano): Bizet (Symphony in C) (11:30 Interval Reading) 11:35 Grieg (Piano Concerto), Bartok (The Miraculous Mandarin).

12:45 pm Carmina String Quartet. Haydn (Quartet in A Op 55 No 1), Beethoven ('Harp' Quartet) (1:35 Interval Reading) 1:40 Mendelssohn (Quartet in A minor Op 13). 2:30 Early Life and After Life. Recital by Sarah Walker (mezzo) with Roger Vignoles (piano). 3:10 Suisse Romande Orchestra with Martha Argerich (piano): Frank Martin (Concerto for seven wind instruments, timpani and strings), Beethoven (Piano Concerto No 2, Schumann (Symphony No 2).

4:45 Addio. Anna Massey reads a short story by Penelope Gilliatt. 4:55 Celebrity Recital. Janina Fialkowska (piano) plays Chopin: 4 Mazurkas Op 24; Sonata No 2; 4 Mazurkas Op 33; and Sonata No 3. 6:15 What Can a Potter Say?

7:00 Proms 1990: "Belshazzar", Handel's oratorio with Anthony Rolfe Johnson in the title role and Trevor Pinnock directing the English Concert and Choir of the English Concert. (8:25-8:50 Donald Brown considers the circumstances of the composition of 'Belshazzar' and presents two concertos by Handel, the interval music of the period). 10:20 Women Waiting (Short story). 10:40 Allegri String Quartet with Rian de Waal (piano): Tippett (String Quartet No 1), Elgar (Piano Quintet). 11:35 Bach: The Leipzig Cantatas. 12:00-12:05 am News.

RADIO 4

7:00 am Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 Appeal by Jonah Barrington on behalf of Outward Bound Trust. 8:55 Weather. 9:00 News. 9:10 Sunday Papers 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service (s). 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather.

1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Play: "Victory" (s). 3:15 Norfolk Man. 3:30 The Radio Programme. 4:00 News; The Woman Behind William. 4:07 Going Underground. 5:00 News; Radio Lives. 5:40 To the Back of Not Very Far Away. 5:50 Shipping Forecast. 5:55 Weather.

6:00 News. 6:15 Feedback: Chris Dunkley airs listeners' comments about BBC programmes and policy. 6:30 Europhile. 7:00 Cat's Tails (s). 7:30 A Good Read. 8:00 Punters. 8:40 Reading Aloud. 9:00 News; Inquire Within. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 With Great Pleasure (s). 11:00 In Committee. 11:30 Seeds of Faith. 12:00-12:30 am News.